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ABSTRACT

Using the case study method, research was synthesized on micro-enterprises in Europe and the effects of changes in work organizations on employee qualifications and vice versa. The research focused on retail operations employing 10 or fewer staff. Five case studies were conducted in each of four member states of the European Union--Greece, Ireland, the Netherlands, and Portugal. The research found that the changing nature of retail operations (i.e., the growth of giant retail chains and changes in modes of transportation, work hours, and demographics) presents both problems and opportunities for small retailers. Although they often lose customers to the lower-priced chains, they can also supply a dimension of customer services that the large enterprises cannot. The study provides information about the complex and demanding character of modernization processes on small businesses. It shows that job training for such enterprises must take place on the job and be compatible with the routines of the businesses. On-the-job continuing vocational training in micro-enterprises could be provided if the learning content can be broken down and systematized. (Contains 18 references) (KC)

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Work organisation and qualifications in the retail sector

The case of the micro-enterprise

Synthesis report

European Centre for the Development of Vocational Training

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Work organisation and qualifications
in the retail sector
The case of the micro-enterprise
Synthesis report

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Foreword

The present study investigates the relations between work organization and qualifications in the retail sector.

Work organization is in constant transformation, having an important impact on job content and tasks to be performed.

New work requirements are emerging with both technical and social dimensions. Traditional qualifications and work hierarchy are thus put into question.

The retail trade is one of the sectors which are underconstant change due to various factors such as automation, the Single Market and the globalisation of the economy, the shortening of product life cycles and extremely diversified customer needs.

Firms, both large and small have to adapt to these developments and trends to maintain or improve their positions and competition capacity.

In this study we chose to limit ourselves to microenterpises, a rather rare target group for research at European level. Twenty enterprises, each employing up to ten people have been examined.

Researchers in Greece, Portugal, Ireland and the Netherlands have analysed the process of internal changes in their companies, its results and its relationship to qualifications.

The readeeer will find a short presentation of those companies in the annex, but in the main part a "company portrait" is given which allows a deeper and critical understanding of the company's history, its human resource policy, the challenges it had to face and the answers it provided to the latter.

A constant "aller-retour" between the past and the future has been necessary, as successful enterprises are in a permanent modernization and evolution process.

Despite the difficulties interent to the analysis of micro-entreprises, the researchers have been able to make reports rich in information, on which the present synthesis has been based.

We would like to express our thanks to Mr D. Daskalakis and Mr M. Stamboulis, authors of the Greek report; Mr T. Martin and Ms Diane Scott for the Irish report on behalf of the Service Industries Research Centre, University College, Dublin; Ms C. Cerdeira, Mr J. Dias and Mr J. Abegão of CESO I & D, authors of the Portugese study; Mr E. Pontsma, Mr S. van den Berg and Mr. H. van den Tillart of ITS - Nijmegen, authors of the Dutch report.

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Tina Bertzeletou **Stavros Stavrou**

1 Introduction

Aims and methodological procedure

In the study, the connection between the organisation of work and qualifications is shifted into the focus of investigation: this primarily refers to the mutual process of change as to the organization of work and qualifications. This does not only mean that the changed ways of organizing work set new demands on qualification but also vice versa: changed qualifications of owners/managers and of employees in retail trade are likely to be the source of impulses for a new arrangement of the organisation of work.

It is based on the assumption that environment conditions in small retail trade have changed dramatically and will continue to change. To name just some facts: continually differentiating customer demands, competition of multiples and of extensive selling space in the scope of merchandise assortment, the "shopping experience" and as to pricing, aspects of quality maintenance and hygiene, etc. The small retail trade primarily seems to become a niche provider or provider for certain groups of buyers (differentiation between the weekly bulk shopping and the daily supply of perishable goods, for instance, or also of "what has been forgotten"; a lack of mobility of certain customer groups, e.g. elderly people, etc.).

A promising and dynamic answer for the future to these changed environment conditions will demand new concepts of small-business trade in view of customer-orientation, presentation of goods, merchandise logistics and operational effectiveness. In this respect, the organisation of work can be considered as a central instrument of modernisation, since, in the still staff-intensive small retail trade it regulates the assignment of the different tasks to the persons involved (owner, employees, apprentices, family members helping out in the shop, temporary staff, such as bookkeepers, or external, purchased services, e.g. design of the shop window) as well as the chronological sequence of the various tasks (including aspects of working hours).

This study commissioned by CEDEFOP will - of course - not be confined to the analysis of the changed situation of small businesses: it will highlight what qualifications are necessary to support small enterprises in order to improve their competitiveness. In view of the significance of micro-enterprises (maximum of 10 employees) in the economy and in labour policy and the yet poor level of knowledge on their internal situation, the present study should concentrate on this type of small businesses. Therefore, it will deal with micro-enterprises in retail trade and it will also include important sub-sectors and enterprises in non-urban surroundings. Five *case studies* in each of the four member states - Greece, Ireland, the Netherlands and

Portugal - are supposed to contribute the essential part of the empirical basis to this study..

In the *methodological respect*, an important decision has been taken: in line with the explorative character of this study, it seems advisable to include micro-enterprises which operate successfully in the market and which have gone through - or which are still in the midst of - a far-reaching internal process of modernization. For our purposes, such micro-enterprises should be given precedence to those which still have difficulties in adapting to the market and which have failed to introduce such a far-reaching process of modernization so far. The latter group would only provide material for a deficit analysis while the former group could be the subject of the description of a process of change, its results and its prerequisites with a special concentration on the connection between the organization of work and qualification in this respect.
What makes these enterprises especially interesting is: they provide the opportunity of an analysis and description of qualifications which are necessary for the initiation of an internal modernisation process, its advancement and evaluation. In this respect, we will go beyond traditional analyses of qualifications and penetrate the ever more important fields of qualification for the management of modernisation, improvement and arrangement.

In view of the fact that the internal situation in micro-enterprises has largely remained a "blank spot" in labour sociology and research on qualifications, it was important to give a detailed and highly process-oriented description of internal processes of modernization and their prerequisites and implications - above all, in view of the organization and demands of work.
This has led to the following demands on the elaboration of the case studies: in view of the results, it is essential to obtain a kind of "company portray" which avoids too much abstraction as well as too much love of detail.

It is important to describe the development of shops in the last few years, the prerequisites for modernization and its implementation and to give a critical evaluation of the results, which should be based on interviews with the business owner and with employees (if applicable).

It is necessary to draw up a detailed description of the organization of work, also under aspects which are now different in comparison to how work was organized before.
The description of the currently existing entirety of qualifications of staff, their distribution among the individual employees and their development in the last few years is also part of the central material provided by the case studies. For this purpose, there were interviews with all parties involved in the micro-enterprises (if possible) which were then carefully translated into "portrays" of professional development.

It became clear that particularly the claim to conduct extensive interviews not only with owners but also with employees was not easy to realise. Here the characteristic structural feature of micro-enterprises, i.e. the owner's dominant position in daily business, without doubt represents an actual impediment to research. Thus, in addition to its concentration on micro-enterprises which have successfully completed a process of modernization, the present study shows another "bias": the portrays in the case studies are more likely to follow, sometimes exclusively, the owners' notions and views than the notions and views of the gainfully employed. This had to be taken into consideration in the formulation of results and conclusions in the synthesis report (cf. below).

Several meetings of the project group were dedicated to the specification of a common understanding of the structures and processes which were supposed to be in the foreground in the case studies and consequently had to be made central topics of the interviews conducted in the businesses.

The case studies were complemented by a description of the development of SME's in retail trade in the EU member states involved (see also annex 2).
On the whole, such an abundance of important and interesting empirical material was submitted so that, against the background of limitations as to time and resources, it was impossible to give something like an approximatively adequate evaluation in this synthesis report.
The *size of the business*, in table 1 measured as the number of persons active in the enterprise - i.e. including owner, helping family members and employees - is naturally of special importance for our topic. As will be depicted in detail in the following chapters, there is a moment of special delicacy in the development of micro-enterprises: i.e. the moment when the decision is taken to employ further staff in addition to the owner's family. This means that from this point on two sociologically very different groups of employees exist.

Survey of the case studies

Finally, a total of 20 casestudies were conducted. Their most important features can be found in table 1.

Table 1 - Overview of the 20 casestudies

	Type		Size			Subsector				Location	
	Family	Family plus	up to 3	4-10	> 10	food/ drink	food plus	clo- thing	non food	urban	non urban
Portugal 1		x	x				x				x
Portugal 2		x			x				x	x	
Portugal 3		x		x		x				x	
Portugal 4		x		x					x	x	
Portugal 5		x		x		x					x
Greece 6		x			x				x	x	
Greece 7		x			x				x	x	
Greece 8	x			x					x	x	
Greece 9		x			x		x			x	
Greece 10		x		x			x			x	
Ireland 11		x		x					x	x	
Ireland 12		x		x		x					x
Ireland 13		x		x			x			x	
Ireland 14		x		x					x	x	
Ireland 15		x		x		x					x
The Netherlands 16	x		x						x		x
The Netherlands 17		x			x		x				x
The Netherlands 18		x		x		x				x	
The Netherlands 19	x		x						x	x	
The Netherlands 20		x		x				x		x	
	3	17	3	12	5	5	5	1	9	14	6

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In merely three of our 20 case studies the people working in the business are strictly limited to family members; consequently they belong to the group of small micro-enterprises, micro-micro as it were. In our sample there are also five enterprises which employ more than 10 persons - the limit for our definition of micro-enterprises. But only two of them are actually much bigger: a bookstore in Portugal and a supermarket in the Netherlands. We have included them in the set of case studies, nevertheless, as their present size is the product of their growth from being micro-enterprises and the question of expansion arises in all successfully modernised micro-enterprises some time. Moreover, they are very interesting in the aspect of their modernisation strategies.
Food and non-food subsectors are more or less in balance while in the non-urban field (6 cases) food and food plus shops, i.e. small grocery stores and supermarkets, are the dominating form. In the non-food field there is a wide variety of different assortments of merchandise: a newsagent offering a variety of supplementing merchandise as well as an optician, a gift shop, a stationer's and office equipment shop, etc.

It has not been listed, however, how long current shops have been in existence; in our sample there are very different "stories". In general, one can say that the modernisation process we have described has started either with the acquisition of the firm by a new owner or with the entry of the following family generation into the business.

The owner's dominant role as a problem of the study

Already in the description of the different steps of the survey, the owners' dominant role in everyday working life was stressed. As our case studies show, this holds especially true for micro-enterprises. Here, we find not only a concentration of nearly all business-strategic and managerial functions with the owner but, as a rule, also an important part of the sales business and customer contact. That the owner (or the owner family) is also present for the customer is one of the essential features which differentiates this type of business from others in retail trade and forms the core of the competitiveness of micro-enterprises. This is directly reflected in the everyday organisation of work and in the scope of time commitment for the business.

On the whole, this leads to a situation in which all parties involved and observers too, - in this case we ourselves - tend to overestimate the owners' importance in the overall management of the business as well as to underestimate the importance of the other people working in the business - including their qualifications - in the handling of everyday work routine and also in the modernisation process. And this also holds true if in the wake of the modernisation process a factual change in the owner's role and the organisation of work has already materialised. All tasks to be completed in the

polarisation between the owner and the others. This could tempt us to make a hasty allocation of the qualifications required for the successful handling of the modernisation process to the owner and the others. Yet, this does not do justice to the problems observed. There is evidence that a micro-enterprise can only be modernised successfully in the long run if the traditionally strong polarisation in the organisation of work is changed in favour of "teamwork". This seems to be one of those problems, however, which by themselves are hard to cope with and the result is often insufficient. It is at this point that thoughts as to how specific CVT offers can help support this process in micro-enterprises seem to be justified. From these thoughts we have drawn a first conclusion for the portrayal of the demand on qualifications of the modernisation process (cf. chapter 4).

On the basis of the comprehensive empirical material gained from the case studies, we will attempt to describe the demands arising from the modernisation process as abilities which affect the parties involved in the business - i.e. all people working in the enterprise - and which must be solved on the whole. In the beginning, this takes place without breaking up the abilities first into those *subsets* which the owner has to perform and those which the others have to perform in different gradations. For the time being, this procedure consciously and intentionally leaves the question for the adequate organisation of work open and thus "shapable". Based on the empirical material of our study and on other studies and various reflections on the situation of micro-enterprises, we reach certain options in the following which condense to the agents of the "business as a common project of a team of all parties involved" and "combined professional profiles".

Successful modernisation: what can one learn from it?

On the whole, the user-oriented aim of this study, i.e. to describe what qualifications become necessary against the background of a changing organisation of work to cope with the modernisation process of micro-enterprises, is pursued through an analysis of successful cases of modernisation. Of course, this excludes, for the time being, all those cases of micro-enterprises maintaining their existence without modernisation and also those failing in the market. Moreover, one can proceed on the assumption that many enterprises still fail in the market although they undertake manifold modernisation efforts. Market success is dependent on thus many factors; it is not possible to reduce success one-dimensionally to internal modernisation strategies. But the modernisation process itself represents an extraordinarily complex demand which makes a strategic focus on the enterprise conditional. Thus, also the question of qualifications also arises: the point no longer is merely to describe what "status quo" demands are, but to portray in what dimensions problems of the enterprise's future development arise. In this respect, we are in the field of discussion on "skills" and "competences"; yet, at this stage of the analysis we prefer to speak of "abilities", "capacities" and "connecting qualifications" and we would not wish to connect them to certain occupational groups so far.

The "knack" which we are using is the following: we analyse successful cases of modernisation and assume that the empirically ascertainable elements of the successful management of a modernisation process represent "abilities" and "sub- abilities" and that the empirically detectable elements can be "translated" into demands on "abilities" and, in a further step, into qualification modules, and that is independently of how the agents have acquired their abilities in the concrete empirical case.

This is not the first study on micro-enterprises. CEDEFOP itself has developed a very interesting guideline on the work with micro-enterprises which focuses on the consultation of micro-enterprises. On the basis of our research and experience we assume that a specific offer of consultation for micro-enterprises is required. Yet, from the point of view of the micro-enterprises we also see the problem of how to handle this offer of consultation: this means for us, for instance, that we consider "networking" as an important ability and the concrete co-operation with consultants of different sectors as requirement for the training of "connecting qualifications". An important result of the procedure which we have chosen is an enormous abundance of empirical views on the reality of micro-enterprises in a modernisation process: this is the central contribution which our study makes. From this very concrete level of (sociological) understanding of the complexity of these processes and the personal challenge on all parties involved, the level of successful abilities can be illustrated and differentiated more richly than has been the case so far. In view of an exact empirical interest in the "story" of micro-enterprises, our study is closest to that of Scase and Goffee in their study "The real world of the small business owner". Yet, we do not share the exclusive focusing on owners but we have tried to include the entirety of all those working in a micro-enterprise.

Part I

2 Small enterprises, modernisation and qualifications

Introduction

Since the early eighties there has been a revived interest in the small enterprise. One of the most important reasons for this is that there are high expectations of the role of small and medium-sized enterprises in combating the high unemployment. The publications *Small is Beautiful* by Schumacher (1972) and *The Job Generation Process* by Birch (1979) have created expectations in this direction. According to these authors, an increasing of people prefer working in small scale units and those small units are better able to cater for the individual needs of their customers. Small firms are supposed to be more flexible and more innovative and thus able to generate new economic activity and create new jobs. Unemployment being an important issue, many European governments have set up schemes to help people who want to start their own business, with grants or advice and have taken measures to stimulate further growth of existing small firms.

It is, however, known by now that a substantial part - up to 50% - of the starters have to give up their business within 5 years of starting it. Many of the new firms don't exist for even one year. So, we can conclude that there is some evidence that the problems of starting a business and, in particular, the problems of staying in business have been underestimated. Taylor (1968), some 30 years ago, wrote that there have been historical changes in this respect. In the eighteenth century self-employment was very common but by the second half of the twentieth century the employee has become the common type of employment. A general conclusion may be that most of the western societies have become employee societies.

In this chapter, we shall, *based on literature and empirical research*, discuss the relationship between the entrepreneur and his firm. Work and career of the small business owner are closely tied to the fate of his or her enterprise. We shall argue that the small business owner is operating in a rapid changing environment. This means that entrepreneurial activities and skill-requirements will or have to change as well. Entrepreneurs are not always willing or able to meet these new requirements. In fact, there is a rather often uneasy relationship between the career or success of the small businessman and the career or success of his firm because growth or no growth of his firm is not always entirely up to the entrepreneurs to decide. Nowadays many entrepreneurs are confronted with a "grow or die" dilemma as we shall demonstrate.

Modernisation strategies

As a consequence of social, economic and technical developments, important changes are occurring in the industry in the course of recent decades. The concepts of self-service, price competition, more mobile customers and the expansion of the range of goods are important in describing these changes, so far as they affect retail trade. In many branches of the retail trade the range of goods has expanded to include articles that are extraneous to the branch in question. The most striking development has been the displacement of the old-style shops selling foodstuffs or miscellaneous goods (`corner shops') by supermarkets. Firms - small as well as large - have to adapt to these developments and trends in order to maintain or improve their position and competitive strength.

For this adaptation or *modernization* process firms need a strategy. In chapter 3 we will describe the strategic modernization behaviour of the 20 retail enterprises studied in some detail in this research. It may be thought surprising to speak of the strategic behaviour of micro-enterprises: small firms in general do not carry out a strategic planning process and they rarely have formal strategic plans. However, strategic behaviour does not nessarily mean the elaboration of long-range written plans. Developments in strategic theory, especially at the conceptual level, allow a more differentiated perspective.

Strategies on different levels

Here the distinction of Mintzberg (1978) between *intended* and *realized* strategies is very important. These are two fundamental different perspectives of strategy and they are characterised by Bamberger and Bonacker (1994) as follows. The first perspective defines strategies as plans which describe explicitly and ex ante global activities and guide the firm's decisions and actions in the future. Strategies are ex ante-models of future behaviour. In the second perspective strategies are real patterns of behaviour. These patterns are only visible ex post like a structure in a flow of decisions, and may be, thus, the result of a planned behaviour. Strategies as real patterns of behaviour may have been defined before as plans. But they may be, also, the result of a sequence of incremental and non coordinated decisions and external events and, thus, of an `unplanned behaviour' (Bamberger & Bonacker, 1994).

In literature the concept of strategy is not unequivocal, because various classifications are made. Bamberger & Bonacker (1994) mention that it is important and, nowadays, more or less common sense to make a distinction in three different levels of strategies. This three level classification includes: corporate strategies, business strategies and functional strategies.
The *corporate strategy* of a firm determines its different product/market

combinations: where, that is to say on what markets and with what products, the firm wants to compete. Specialization and diversification are two fundamental strategies on this level. The *business strategies* of a firm are, generally, global patterns of behaviour with respect to a particular product/market combination, thus, focusing on how to succeed within a certain product/market combination. Here the central question is: how to compete, that is to say how to achieve a competitive advantage. *Functional strategies* concern global patterns of behaviour with regard to the different functional areas of the firm as marketing, finance, research & development or personal. Their function is the deployment and use of resources. Functional strategies have to be chosen corresponding to the pursued strategies on the corporate and business level.

In analysing and describing the modernization process in the 20 micro retail firms we make use of two well-known classifications of strategies. On the corporate level, we make use of the *expansion strategies* of Ansoff (1965) and on the business level, we use the classification of *generic competitive strategies* of Porter (1980).

Generic competitive strategies

Porter (1980, 1985) concentrates on the *competitive advantage* of the firm. He distinguishes three basic kinds of competitive behaviour, called `generic strategies': cost leadership, differentiation and focus. These strategies concern the position of the firm among the competitors.
Pursuing the strategy of *cost leadership*, a firm attempts to cut its costs to become the cost leader of the market or industry it is in. Typically this will be realized by aggressive capacity expansion, consistent utilization of the experience curve effect, pursuing economies of scale, low cost product design and tight cost/overhead control. *Differentiation* means that a firm seeks to distinguish its products or services from competitors by characteristics other than low costs. These characteristics can be, for example, product features, quality or high technology, superior service or technical assistance, a famous brand name, company image, a good location, personal contacts or a broad product assortment. Cost leadership and differentiation, as the two basic competitive strategies, may be combined with the scope of a firm's activities in an industry or market. Focusing on one or few segments may either provide cost advantages (`*cost focus*') or differentiation (`*differentiation focus*') (Bamberger & Bonacker, 1994).

Competitive advantages are based on distinctive competences, that is to say specific resources, such as modern equipment, high technology, skilled employees, use of high quality input factors, an efficient information system, an outstanding service, etc. There are a lot of possibilities to distinguish the a firm from its competitors. Of course the distinguishing characteristics have to be *relevant* and *visible* for the targeted groups of customers.

Expansion strategies

Of course it is true, as we will demonstrate in the next paragraph of this chapter, that most small business owners strive for other goals besides mere growth or profit maximization. At the same time nowadays in particular the young starting entrepreneurs are confronted with a '*grow or die*' dilemma. Besides, our sample of 20 micro enterprises is not an average. We carefully have selected small business owners who are successful in the modernization process. As could be expected there is a relationship between success in the modernization process and the development of turnover and employment: in nearly all investigated enterprises turnover and employment have increased since the start. This indicates that in our sample of 20 retail firms expansion strategies play an important role.

Ansoff classified four potential strategies at the corporate level, namely: market penetration, market development, product development and diversification. This classification is based on two criteria:

. whether or not the products are new for the firm, and
. whether or not the markets are new for the firm.

Choosing a *market penetration strategy* the firm tries to gain more market share with current products on current markets by encouraging current customers to buy more, by attracting customers from competitors or by convincing non-users to buy. With a *market development strategy* the firm tries to conquer new markets for its current products. With a *product development strategy* the firm tries to raise sales by introducing new products to the current customers. A *diversification strategy* means introducing new products to new customers.

Firms can try to implement more than one of these strategies at the same time. It is evident that most of the studied retail firms do indeed try to implement more than one of these strategies. However, due to the great numbers of products and customers per firm, it is not always possible to determine exactly what mixture of strategies the entrepreneurs are trying to implement. In particular, the distinction between a product development strategy and a diversification strategy is very difficult to determine (this is a research on its own). We conjectore that most entrepreneurs changing their product range do so with the intention or at least the hope, to attract some new customers as well.

Two examples

As mentioned before, young starting entrepreneurs nowadays are often confronted with a "grow or die" dilemma. We will illustrate this with two examples from the retail trade sector. These examples, in fact, show that expansion strategies nowadays are of vital importance for many small business owners.

In the retail sector there are a lot of examples of the process of increasing scale and concentration. One of the most telling of these tendencies is in the food sub-sector. The starting point of this process was the switch of many traditional grocers to the self-service system, followed by the introduction of the supermarket and the hypermarket. This process of increasing scale and concentration is characteristic of almost all Western countries, although there are considerable differences in time, tempo and impact of these developments.

In the Netherlands the number of shops in the food sub-sector has been drastically reduced from 83.000 in 1950 to 27.000 in 1994. This development has generally taken place at the expense of small, independent grocers. While the turnover of those who remained did indeed rise, in this period we nonetheless saw a significant share of the market go to the big chains, despite the fact that many independent grocers started working together in commercial organisations in order to be able to achieve, as far as possible, the same economies of scale as the large firms (see also table 1 in annex 2).

Another interesting example of the struggle for market shares between big enterprises and SMEs is given by the Dutch bakery sector. After the Second World War, a new type of oven, the conveyor belt oven, was developed for the baking of bread. This oven was the starting point for a far-reaching mechanisation of the entire process of production and made a substantial reduction of labour costs possible. Thanks to the advantages of mass production, industrial bakeries were able to increase their share of the market, especially in the 1950s and 1960s. Whereas before the Second World War artisan bakeries accounted for almost the entire baking industry, by 1974 (see table 1) 46 per cent of the market was accounted for by industrial bakeries, i.e. those using conveyer belt ovens. The number of industrial bakeries has remained fairly constant for many years, whereas in the period 1960 to 1974 the total number of bakeries had declined from 10.139 to 4.425.
Thus, the decline has taken place entirely at the expense of the artisan bakeries. In particular, many small-scale self-employed bakers disappeared during the period. The average turnover of the remaining artisan bakeries rose markedly in this period, from 19 bags of flour of 50 kilos each per week in 1960 to 30 bags in 1974. Even in these bakeries manual operations are being increasingly replaced by mechanisation (e.g. the operations of kneading, cutting into portions and shaping of the dough are mechanised in many bakeries). Similarly, the average turnover in the industrial bakeries rose in the period 1960 to 1974, from 700 to more than 1000 per week.

The broadening of the range of products has had a great impact on the way in which bread is sold. In 1960 the predominant mode of sale was that of sale to the home, with 78 per cent of the bread produced being delivered directly to the customers. The remainder was sold mainly in bakers' shops to retail customers. The volume of sales by the 'third' method (which in 1960 meant sales to wholesale customers, pastry shops

and food stores) was very low. Since then, the situation has changed radically. In the case of bread, sales by the `third' method (which now means mainly sales to supermarkets) accounts for as much as 59 per cent of all sales of bread.

Table 1 - Developments in dutch bakeries, in numbers and turnover in the period 1960-1994

Year	Market share of the industrial bakeries (in %)	Number of industrial bakeries	Number of artisan bakeries	Number of self-employed bakers	Turnover artisan bakeries (average number of bags of flour per week (one bag=50 kilos)	Sales by 'third' method (mainly: retail shops NOT-OWNED by the bakeries (in %)
1960	30	?	10.139		19	6
1966	37	128	6.625		24	10
1970	43	124	5.418		25	18
1974	46	111	4.425		30	37
1978	39	118	3.924		37	44
1980	40	121	3.781	1041	37	47
1986	42	109	3.520	724	39	50
1990	44	111	3.264	632	41	55
1994	50	97	3.043	472	38	59

Source: NBS, several years

Table 1 at the same time indicates that the industrial bakeries found themselves in a more or less problematic situation in 1975. One of the reasons is that the artisan bakers did not adopt a purely defensive attitude via-a-vis the industrial enterprises and the big supermarket chains. By projecting a commercial image based on the quality of the artisan product, they conducted a vigorous offensive against cheap mass-produced goods, emphasizing the image of the `warmhearted baker' (Van den Tillaart et al, 1982). The consumer evidently agreed, and the artisan bakers more or less succeeded in consolidating their share of the market. In the meantime, however, the number of artisan bakers in the Netherlands continued to decline from 4.425 in 1974 to 3.043 in 1994. The average turnover of the remaining artisan bakeries rose further from 30 bags of flour of 50 kilos each per week in 1974 to 38 bags in 1994.

At the same time, table 1 clearly shows how difficult it is for SMEs to compete with the big enterprises. SMEs have to modernise and have to exploit their strong points to stay in business. Nooteboom (1986) pointed out that a lot of innovations in Dutch economy have their offspring in the SME-sector. Big enterprises, however, are very keen to be under the early adapters. An illustrative example is the self-service system. This was introduced in the Netherlands in 1948 by an independent grocer, but taken over immediately by the chain stores. The same is true for the 'warm baker' - effects. Nowadays the industrial bakeries have the same assortment of breads as the artisanal bakeries. And what is more, the industrial bakeries have succeeded in copying to a large extent the atmosphere of the 'warm baker' by introducing the bake-off system in the supermarkets. This innovation made it possible for the supermarket consumers to see and smell fresh bread. Table 1 clearly shows that, in particular from 1990 onwards, the industrial bakeries again are taking over market shares from artisan bakeries.

We have illustrated the process of increasing scale with two examples in the Netherlands. In most of the other Member States in the retail trade the same tendency is reported, although there are considerable differences in time, tempo and impact (cf. Kruse et al, 1993).

The `grow or die' dilemma

Decrease of the self-employed type SME

With these examples we have clearly shown that in the small business sector a process of increasing scale has occurred. In SME there are fewer enterprises which on average, however, have more members of staff. Those that disappeared were mostly self-employed and family businesses. We find single owner and family business especially amongst older long established enterprises and amongst the newly started ones (see also table 2 line 3). In an investigation of the employment potential of SMEs in Belgium, the Netherlands and Luxembourg, it appeared that the newest of the small businesses either grow or die (Steinle, 1985).

Table 2 - Comparison of small businessmen in 1978 and 1985 (longitudinal data)

	1 young, newly started	2 young, already experienced	3 older, esta-blished	4 older, long established	total
Data from 1978:	(N=65)	(N=96)	(N=285)	(N=200)	(N=646)*
1. Average age in 1978	30,5	32,6	43,1	55,4	42,7
2. Average experience in this firm in 1978	1,7	7,6	13,5	20,9	12,8
3. % without outside staff	**40%**	18%	27%	**46%**	33%
4. % that realized renewal/innovation	11%	**55%**	41%	23%	36%
5. % with plans for renewal/innovation in period 1978-1981	**82%**	62%	43%	32%	48%
6. % growth of firm has high priority	**49%**	35%	27%	19%	29%
Data from 1985:	(N=45)	(N=66)	(N=207)	(N=88)	(N=406)**
7. % with investments in growth of film in period 1978-1984	**76%**	57%	51%	27%	50%
8. % without outside staff	18%	15%	32%	52%	32%
9. Average increase (+) or decrease (-) of number of people working in firm 1978-1984	+0.91	-0.35	-.035	-.069	-.028

* In 1978 759 businessmen were interviewed. In this table those businessmen for which their business was not their main activity have been left out.

** The absolute number is less here because a number of firms did not exist any more in 1984 or didn't want any longer participate in the study.

Source: Van den Tillaart et al 1981 and 1987

From our own investigation among several hundreds of Dutch small businessmen in 1978 and again in 1985, it became clear that young small businessmen are fully aware of this 'grow or die' dilemma. More than half of the 96 small businessmen who in

1978 were young but nonetheless more or less experienced as entrepreneurs had already made longer term investments and many of those 65 entrepreneurs who had newly set up on their own already had concrete plans in that direction (see Table 2 lines 4, 5 and 6). In the follow-up investigation of 1985 these last - named entrepreneurs had already been able to realize their plans, the economic recession notwithstanding. In fact, this appears to be the only group with a positive development of employment in the period 1978 - 1984 (see lines 3, 8 and 9).

Explanation

Nooteboom (1980, 1982) explains the tendencies of increasing scale and concentration with help of the concepts 'threshold costs' and 'critical turnover value'. Because of the existence of 'economies of scale', the costs in small firms are relatively higher than in bigger firms. Due to the severe price competition it is hardly possible to calculate a higher profit margin. Besides, there is a critical turnover value below which, it is not possible to realize the income is that needed for an acceptable existence. Due to the competition there always is a pressure on the profit margin. Because small firms have few possibilities to improve efficiency, the critical turnover value shows a tendency to rise. The owners of the smallest firms have the choice either to grow or to close down c.q. to carry on a marginal company.

Consequences of growth

The increasing scale results in more parties being involved in the conduct of the firm. Banks, relatives and other outsiders help finance the enterprise. Cooperation with competitors is a necessity to be able to get the advantages of scale. Special organizations are formed to buy and sell materials and products, which then sometimes develop their own goals and interests which are not always similar to those of the members.

Scale has also increased the number of outside staff, which means small businessmen get involved in all sorts of government regulations and in union-employer relations. The increasing scale means that internal processes of organization, division of labour, control and administration are on the increase. This means that administration must be regarded as a 'tool of management' for the small entrepreneur. Besides, other interested parties like the bank and the tax agency demand a more sophisticated administration of the firm.

Stage of growth models

The phenomenon of company growth has fascinated a lot of scientists and policy makers. Many studies have been carried out to explain or predict growth processes. A lot of studies make use, explicit or implicit, of so-called stage of growth models. Originating from biology, these models posit that during its existence a firm passes through a distinct sequence of developmental stages. The literature posits that various stages of growth can be distinguished and that each stage of development entails its distinctive characteristics of entrepreneurship. Most models hypothesize that firms start entrepreneurially and evolve more and more towards professionally administered companies (Quinn and Cameron, 1983).

The stage of growth approach seems to be inspired by the American literature about the *entrepreneur*: the small business owner who is preoccupied by profit making and enlargement of his business. Following Schumpeter (1942), the small businessman is supposed to have a pioneer mentality. He is always oriented towards the market, always looking out for new possibilities, thereby willing to take risks. Entrepreneurs 'are driven by opportunity seeking behaviour, not by a simple desire to invest resources' (Aldrich and Zimmer, 1985). The symbol of the successful entrepreneur is the selfmade businessman, whose success is legitimised by the ideology of free enterprise (Sawyer, 1952). Descriptions based on this range of ideas mostly start, explicitly or implicitly, from a *'grow or fail'* assumption: small business owners are considered successful only as long as they succeed in growing (from one stage to another).

Economic theories usually presume profit maximization and growth of firm to be the prime motives underlying actions of small business owners. This hypothesis, however, seldom corresponds to reality. A lot of studies have shown very convincingly that small business owners mostly strive for goals other than mere profit maximization or growth of firm (Haahti, 1989; Gabele & Moraw, 1994). In fact, success of either enterprise or entrepreneur can be approximated from different angles with diverse objectives in mind. There are various levels of objectives in respect of SME, e.g. the societal level (objectives such as employment and the delivery of high quality products and services), the entrepreneurial level (objectives such as independence and entrepreneurial labour) and the level of enterprise (objectives such as continuity and profits).

Our own investigation among several hundreds of Dutch small businessmen in 1978 and again in 1985, confirmed that profit maximization and growth of firm are not the prime objectives for small business owners (see table 3). A majority of the small businessmen gives high priority to offering high quality products and services to their customers. A second priority objective for the small business owners is saving the employment for 'their people'. Comparison of the answers of the small businessmen

in the two surveys, in 1978 and in 1985, indicates how seriously they take this responsibility. The years 1978-1985 were a period of severe economic recession and for a lot of businessmen this was a motive to give more priority to employment saving measures.

Table 3 - Priorities in objectives from SME-businessmen

	high priority (1 or 2)		low priority (6 or 7)	
	1978	1985	1978	1985
1. Offering quality in products and services	**80**	**69**	1	2
2. Saving the employment for the employees	**26**	**49**	18	15
3. Earning a good income	**36**	**34**	9	11
4. Keeping personal relations in the firm	**35**	**31**	9	9
5. Growth of enterprise	15	9	**35**	**46**
6. Realizing a high net profit	9	7	**51**	**47**
7. Getting a high societal status	3	5	**72**	**69**

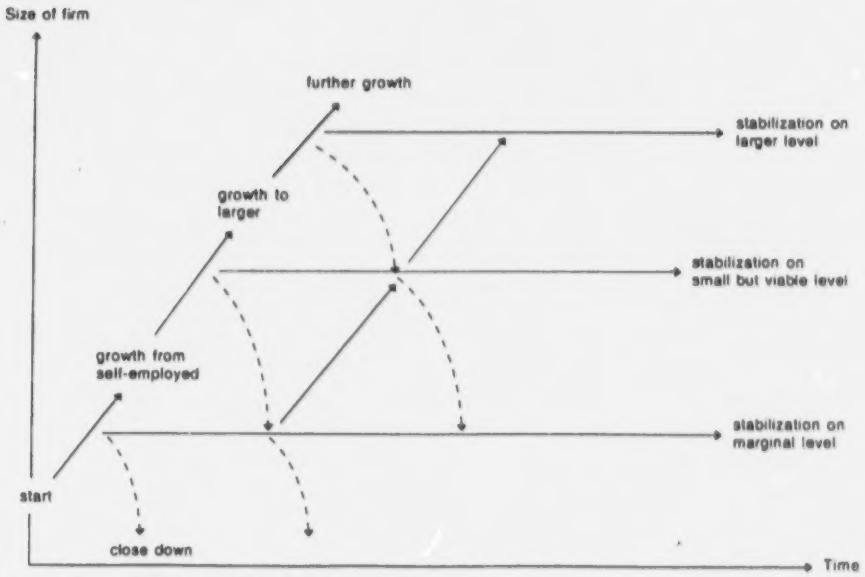
Source: Van den Tillaart et al 1981 and 1987

A minimum prerequisite to classify an enterprise as successful is that it should also be able to maintain itself on a long-term basis. This implies that profits must be adequate to facilitate implementation of necessary investments on the long-term. As we argued before, this nowadays, often implies some growth for the smallest firms, in particular for the recently started self-employed and family businesses. However, when the small businessman has passed the critical turnover value, he is free to choose non growth instead of f further growth. Since entrepreneurial attitudes in SME are also determined by an attempt to accomplish individual objectives and aspirations, any option pro or contra expansion depends on the strategy which an entrepreneur considers appropriate to achieve these objectives and aspirations. Since `profits' and `costs' of growth are personal appraisals of individual entrepreneurs, one entrepreneur may opt for expansion while another - given identical circumstances - may not.

When growth of firm is longer necessary for securing the continuity of the firm in the long run, the small businessman can take into consideration more individual objectives and aspirations in deciding what to do with potential growth opportunities.

In the case of growth, entrepreneurial activities will alter. Since some entrepreneurial objectives are related to entrepreneurial activities in the enterprise, the possibilities to achieve entrepreneurial objectives will alter with various developmental stages. This might be the substantial cause for a part of the entrepreneurs who choose to stabilize on a certain level rather than opt for further expansion. Research proves that in this situation, for a lot of small business owners, the economic advantages of growth don't counterbalance the disadvantages. This implies that a stages of growth model should contain more possibilities than just continuous growth of firms. Besides growth, stabilization and reduction possibilities should also be present in the model (see figure 4).

Figure 4 - Possible development of enterprises in time



Source: Van Westerlaak e.a., 1982, Duijnhouwer, 1990.

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Growth and qualifications

During the expansion process, various stages of growth can be distinguished. Each stage entails its distinctive characteristics of entrepreneurship. This refers to stage-specific combinations of essential management instruments and skills, entrepreneurial intuition and expertise, and attention for particular activities which are essential for the performance of the enterprise. During a process of growth - the transition to another developmental stage - contents and significance of these combinations change. This implies that entrepreneurial activities and skill-requirements will or have to change as well.

Entrepreneurial skills

When a small business owner intends to enlarge his firm, this implies high requirements to his entrepreneurship are needed because growth of firm only can be realized when the owner is capable of detect and assess market opportunities. And the core of *entrepreneurship* precisely is *market-orientation*: being sensitive for and knowing how to react or anticipate developments and changes in the environment and the community which can be important for the firm and the way things are organised in the firm. In fact, entrepreneurship is a switch or link between firm and environment. An essential element in the decision making process of what to do with signals in the surroundings is the capability to weigh opportunities against risks, whereby the negotiation competences of the entrepreneur play a role as well. In case of entrepreneurship, besides market orientation another key-word is *goal-directedness*.

When a firm grows the process of giving guidance, that is to say the management-orientation, becomes more and more important. In fact, *management* is a switch or link between the firm and the environment as well. Here, however, the issue is not whether or not to anticipate and react to or make use of developments and changes in the environment, but to convert the entrepreneurial decisions in effective conduct of business. Core elements of management have to do with the internal organisation of the firm (including recruitment and training of staff and supervisory activities) as well as with its financial aspects (bookkeeping, accountancy, fiscal matters). The most important task or activity of management is streamlining the production process. Key-words of management are *internal orientation* and *efficiency*. Keeping staff up to date - by formal and informal ways of training - and motivated is or should be a central concern of management, in large as well as in small firms.

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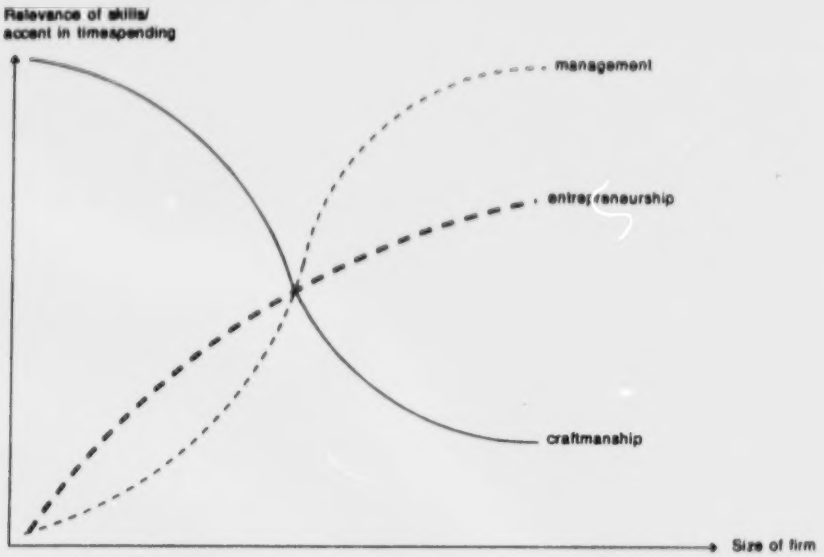
Figure 5 - Size/growth of SMEs and the role of the entrepreneur



Source: Braakama e.a., 1980 en 1987: Van den Tillaart e.a., 1981, 1987 en 1991

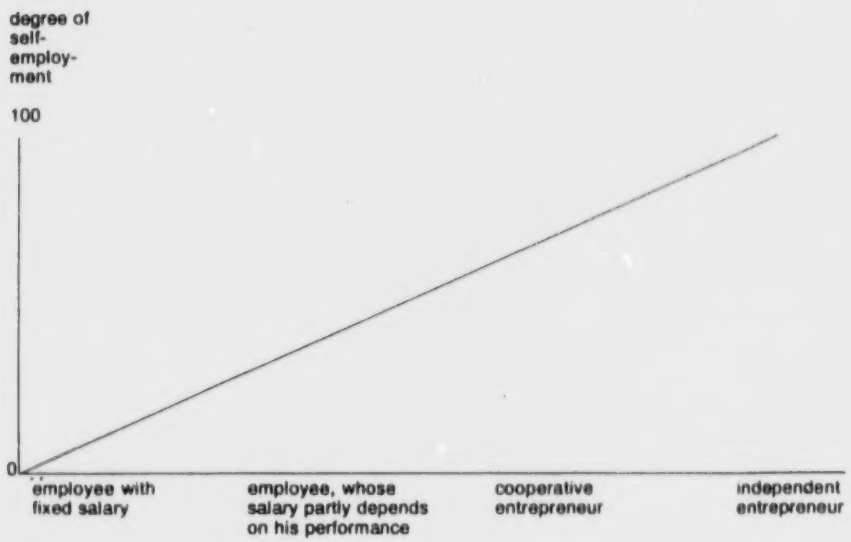
Craftsmanship consists of knowledge of the product or the service, and of the way to make and deliver it properly. In the small firm this often means 'tailor-made'. This presumes social as well as craft skills. As stated before, nowadays circumstances, as for instance consumers' preferences, are changing rapidly. Another feature is the shortening of product life cycles. In fact, there is a continuous stream of product innovations. This implies that nowadays good craftsmanship is only possible when a firm reacts quickly and in the right way to these changes and developments in the surroundings. That is the reason that nowadays *entrepreneurship* (external market-orientation) *has become a precondition for craftsmanship.*

As stated before, each stage of growth entails its distinctive characteristics. This refers to stage-specific combinations of craftsmanship, entrepreneurship and managerial skills. During the transition to another developmental stage contents and significance of these combinations (have to) change. In this adaptation process the small businessman himself is in a central position. When his firm is growing, the content of his activities is changing from executing a craft to entrepreneurial and managerial tasks and activities. Of course, these changes in tasks and activities (should) have consequences for the skills that are needed (see also figure 5).

As stated before, work and career of the small businessman are closely tied to the fate

of his enterprise. Schumpeter (1942) long ago warned that increased scale of the enterprise would lead to bureaucratic procedures and would thus undermine the innovative capacities of the entrepreneur. Ronen (1983) hypothesizes that in the United States 'mutual self-selection links the novelty-seeking, independent minded entrepreneur with the small firm, the managerial type with the larger organization'. Scase and Goffee (1980, 1982) found that British small business owners doubt their own managerial competence. 'Many regard themselves as good entrepreneurs - in the sense of profitable risk-taking - but they are less confident about their ability to organise and control employees'. This is a recurrent theme in the literature about the small entrepreneur: the successful, young entrepreneur (the 'starter') is risk-minded and market-oriented, but he is loath to fulfil his administrative duties and to see to the internal affairs of his enterprise. He does not like to delegate authority for fear of losing personal control over the activities of his enterprise. To him 'staff' is almost synonymous with 'trouble'.

Figure 6 - Degrees of self-employment



Source: KNOV/NCOV, 1994

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This confirms the theory that there is no success criterion for an enterprise which applies to all developmental stages, but that any success criterion will have to depend on the developmental stage of an enterprise. As already stated, a minimum prerequisite to classify an enterprise as successful is that it should be able to maintain itself on a long-term basis. Two conditions must be met to guarantee a firms' survival (Duijnhouwer, 1990):

- The entrepreneur and all parties involved in the enterprise should be able to achieve their individual objectives to such an extent that their indication to commit themselves on behalf of the enterprise is guaranteed.
- Profits of enterprise must be adequate to facilitate implementation of necessary investments on the long-term.

The first condition points to an important issue: the commitment of other parties to the firm. In the SME-sector important parties are: banks and other financial institutions, advisers and extension services, trade associations and suppliers. Cooperation (in networks) is more or less normal nowadays and is generally evaluated as a way of decreasing risks, increasing turnover and profit, and increasing the competitive strength of SMEs against the multiples. Of course, these forms of cooperation have consequences for the independency and the degree of selfemployment of the small businessman (see also figure 6). Another recurrent theme in literature is that of the new, entrepreneurial employee. One can read a lot on this issue in the literature about human resources management. Here, the advantages of highly motivated, involved and responsible employees are well worked out. Entrepreneurs should, in their own interests, stimulate initiatives of their entrepreneurial employees. And it is stated that teamwork is superior to the more traditional organisation of work. Both tendencies (more external cooperation with other firms and internal, another division of labour and responsibility between entrepreneur and employees) are making the distinction between the traditional positions of entrepreneur and employee become blurred (see also figure 6).

However, surveys indicate that there have been up to now, more changes on the right side of figure 6 than on the left side. A lot of small businessmen are cooperating to be able to compete with the multiples. But there are no clear signs that in these firms the traditional forms of division of labour and responsibility are changing just as much.

A precondition of these changes is that the staff in SMEs are well educated and well trained. One of our own investigations among 400 small business owners clearly demonstrates that such a situation is rather an exception due to the fact that a lot of small business owners don't have sufficient entrepreneurial and managerial skills (see figure 7). More than fourty percent of small businessmen, in particular owners of very small firms with none or very few employees (the so-called selfemployed and family businesses), are virtually or totally unaware either of the changes that are taking place

outside their firm or of the consequences these changes could or should have for their firm. This being the case, it is obvious that they do not realize the importance of adapting and modernizing their company and style of management. The fact that the further training of the staff in these firms is neglected is thus primarily caused by a lack of or at least inadequate entrepreneurship. Alongside risk-taking, after all, external orientation is a key element of entrepreneurship. More than half of all small businessmen, in particular the so-called- small employers, appear to have a reasonable or good eye for the dynamics in their surroundings and they almost all realize that small businessmen, too, must invest time and money in training their staff. Nonetheless, even in these cases, (too) little comes of it. This may sometimes be because there is no adequate training available. More often, however, the cause is insufficient managerial skills. Small businessmen often appear to have great difficulty in designing an adequate personnel and training policy.

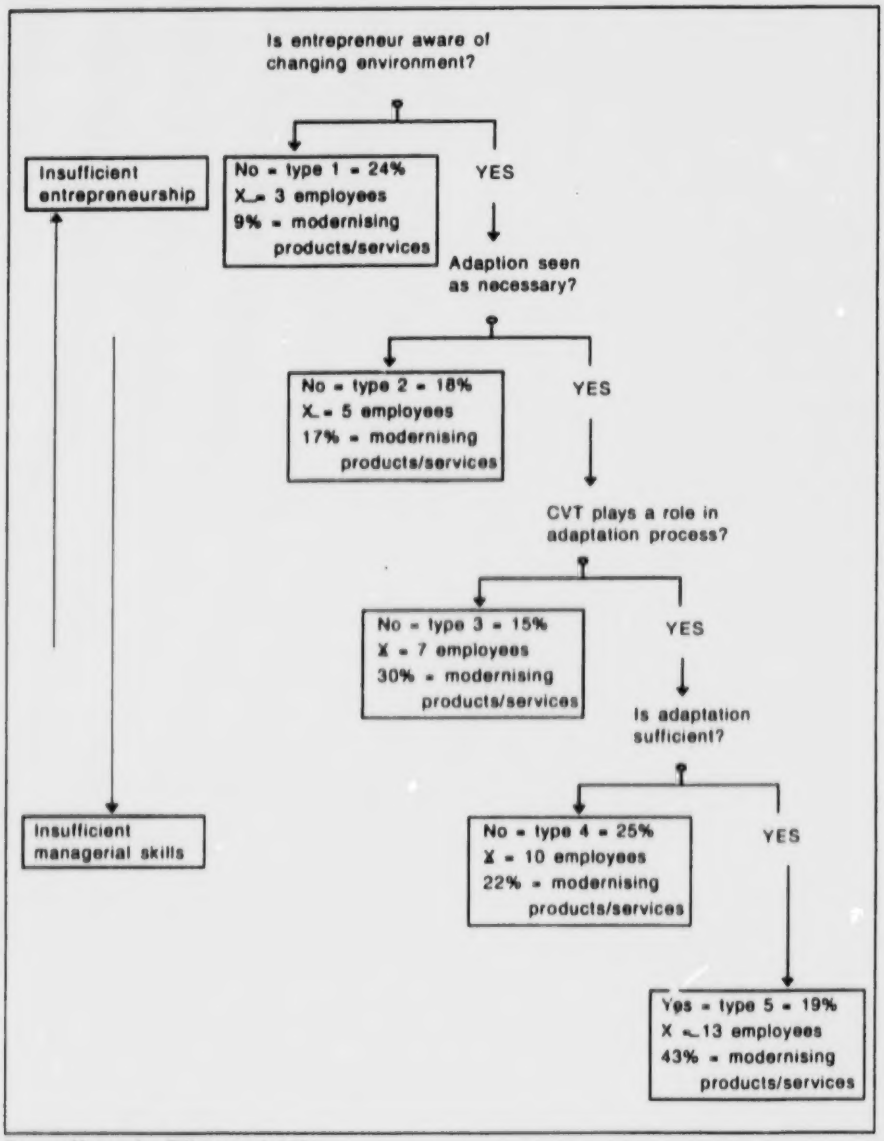
In total only 23% of these 400 small business owners have in the last three years - 1987 to 1991 - invested (a lot of) money in the development of new products or services. Nearly half (46%) of these 400 small business owners have in the last three years - 1987 to 1991 - invested (a lot of) money in renewal of machinery and (technical) resources, but this differs as follows in the 5 types of figure 7:

type 1: 27%
type 2: 35%
type 3: 57%
type 4: 49%
type 5: 65%

An important conclusion is that in micro-enterprises there is a strong connection between the skills of the entrepreneur, his efforts concerning continuous vocational training of his staff and his efforts to modernize his firm.

As stated in the first chapter, we have studied only modernizing micro-enterprises. Figure 7 proves that our 20 micro-enterprises are not representative of all micro-enterprises.

Figure 7 - Continuing vocational training and the adaptation process in SMEs


Is entrepreneur aware of changing environment?
Insufficient entrepreneurship
No = type 1 = 24%
X = 3 employees
9% = modernising products/services
YES
Adaption seen as necessary?
No = type 2 = 18%
X = 5 employees
17% = modernising products/services
YES
CVT plays a role in adaptation process?
No = type 3 = 15%
X = 7 employees
30% = modernising products/services
YES
Is adaptation sufficient?
Insufficient managerial skills
No = type 4 = 25%
X = 10 employees
22% = modernising products/services
YES
Yes = type 5 = 19%
X = 13 employees
43% = modernising products/services

Source: H. van den Tillaart et al, 1991.

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3 The modernization process and the role of the entrepreneur

3.1 Introduction

In chapter 2 we have shown, based on literature and empirical research, what the most important aspects are of the modernization process in small enterprises in general. We concentrate on the "strategic" behaviour of the entrepreneur and on the relation between this behaviour and the qualifications of the entrepreneur himself.
In this chapter we look in more detail into the different stages of the modernization process, into the role of the entrepreneur in this process and into the skills he needs to operate successfully in this process.
In chapter 4 we will look into the role and qualifications needed of the staff in the small enterprises we studied in the four countries of our research.

3.2 Modernization of product range

Core business in the retail sector
Talking about modernization and keeping up to date, it is evident that in retail firms the assortment should get much attention. This is clearly the case in the enterprises studied.
Very often a *pro-active customer approach* takes place: the customers are questioned as to what they would like to see on sale in the shop and the quality that they expect, what they think of existing ranges and what they would like to see being retained. To make such a strategy possible the entrepreneurs invest a lot of time and energy in getting to know (a part of) their customers personally and even by name. Most entrepreneurs also keep a vigilant eye on what is newly available in the market, thus expanding the product range and keeping the customers satisfied. In several interviews the entrepreneurs indicated that the regular contacts with *suppliers* helps them to keep informed of developments in the market. But also reading *trade journals* and visiting *trade exhibitions* are mentioned as ways to keep up to date.

A very good example is the Irish entrepreneur running a hardware store, specialized in ironmongery. Since the start twelve years ago the store has built up a good reputation. This reputation is due to the vast product range and the motto of the store which is 'if we don't have it we will get it for you'. In order to ensure this, the entrepreneur keeps a constant watch on his range and also keeps himself and his staff briefed on what is new on the market and to make sure that he has stocks of all his goods. This entrepreneur firmly believes in being prepared for all eventualities and being aware of

trends and customer needs and is ready to change. He firmly believes that customers should change a shop's product range. Although the product range is basically the same now as twelve years ago, each department has expanded in terms of the range of product carried. The entrepreneur estimates that his product range consisted of 6,000 items when he first opened his doors for business; his current total of 33,782 lines represents, therefore, a gigantic increase in terms of product range. No wonder that a sign in the front window proclaims that the store sells everything from 'a needle to an anchor'. To make such an increase of product range possible, the entrepreneur has moved his firm twice. By doing so, he has increased the size of the shop floor by four (from 350 square feet to 1400).

Role of experience and skills

As stated before, one of the characteristics of an entrepreneurial attitude is an open eye on what is happening in the market. A lot of the interviewed entrepreneurs prove to be convinced of the importance of monitoring *themselves* what is happening on relevant markets. A lot of them take advantage of the knowledge of theirs suppliers, but only one entrepreneur leaves the decision making on the product range to the supplier. This applies to one of the Irish Spar-entrepreneurs. This is for two reasons, firstly because of his supermarket backgrounds - before getting self-employed he was a store *manager* in one of the more progressive grocery multiples in the Dublin area - he feels he would be unable to make the correct ordering choices. Secondly, he feels that as there are over one hundred Spar Convenience stores within the country, there is a certain standard of product ranges that have been tried and tested and proved successful. For this task, making decisions on the product range, *entrepreneurial skills* are needed. This store, however, is run by a person with managerial experience and skills. An extra handicap is that his store is located in the country and despite its proximity to Dublin and other urban centres nearby, the shopping habits of villagers are traditional and conservative. This entrepreneur would, for example, like to stock products like pasta but is constrained by the lack of space and by the non-acceptance of these products by the majority of his customers.

The former work experience - but maybe this is true for his natural ability - makes this person more suited for managerial than for entrepreneurial tasks. The casestudy offers ample evidence for this. It is a well-known fact that a lot of SME-entrepreneurs have great problems with delegating, in particular with delegating responsibilities to employees. The entrepreneur purchased this shop nearly two years ago. The previous owners clearly belonged to the non-delegating group. They evidently had problems delegating even the most routine tasks. Since the current entrepreneur was not physically capable of looking after the ordering process by himself - the new start-up process took much more time than he had expected - he approached the two female employees that he had retained from the previous shop owners and asked them if they would like to assume more responsibility in looking after the ordering process. In fact he was surprised that they had not been given any responsibility for re-ordering and

that he had to ask for it. One girl turned down the offer immediately as she did not want any more responsibility whereas the other girl welcomed the opportunity. The entrepreneur has trained his staff to deal with all aspects and departments related to the shop. This means that staff can cover for each other. This increases the flexibility as well as the team building. These developments were unthinkable under the previous owners. It is on this point, that is to say the human relations management, that the managerial skills of the current entrepreneur are effective.

As stated before, entrepreneurial skills are needed for making decisions on the product range.
However, the cases clearly demonstrate that entrepreneurial skills are *no guarantee* that all decisions with regard to the product range turn out to be good ones. The Irish self-service petrol station with forecourt convenience store offers just one of the illustrations. Two years ago the selling area was doubled and the product range was expanded to bring in a delicatessen counter, pre-packed sandwiches, pastries and cakes, and ice cream. However, this refit had its negative effects. The product range was expanded without adequate market research which would have found that people had a negative attitude about buying fresh food in a filling station. In the meantime a second refit had taken place.

In particular in the casestudies undergoing a process of diversification failures are reported. Essential, however, is that there *are* changes in the product range. Of course not all changes are successful, but after all, besides monitoring the relevant developments in the surroundings, *risk taking* is another characteristic feature of an entrepreneurial spirit.
A rather extreme example of making the wrong decisions with regard to the assortment offers is one of the Portuguese casestudies. This firm started in 1976 as a shoe shop. After a short period of time, the entrepreneurs decided to switch to products for painting and refurbishing. In contrast to the business of shoe selling, the sale of paint is very successful, with an average annual growth in turnover and profit of about 10 percent. In 1988 they took over the shop of the only competitor in the neighbourhood.
The reason for failure in the last mentioned case is in the wrong assortment choice to start with, probably due to a *bad preparation* of the business start. Only a few other casestudies give detailed information about the pre-start phase. In these the entrepreneurs have prepared themselves very carefully by patiently searching for suitable premises, visiting shops that are for sale, visiting competitor shops, analysing the potentials, etc. In the case of the Dutch shop in optical goods, a genuine *business plan* was formulated. In fact most entrepreneurs who need help from banks to (co-)finance their business start, are more or less obliged to make such a business plan.
The case studies demonstrate that there are relevant differences in previous experiences of these starters. All the entrepreneurs who prepared the start of their first business very carefully did have substantial work experience as employees, mostly also on management level, in the same kind of firm. They possessed the knowledge and the

experience to evaluate the potentials in the market. The Portuguese entrepreneurs who started the shoe shop, however, are sons of Portuguese salesmen that emigrated to Zaire. They lived there until 1976 and owned one of the biggest bookshops/stationers in that country. This enterprise was nationalized in 1976 by the Zairian government and for that reason they returned to Portugal. In the same year they started the shoe shop.

Success and successor

In the casestudies there also are examples that the range of products *gradually* loses its attraction because the owners are no longer willing to change the assortment in due time. Most interviews with entrepreneurs who have purchased their current shop from the previous owners give evidence for this. Some interviews illustrate that here insufficient entrepreneurial skills are not the only factors that play a role. One of the entrepreneurs stated in the interview that the previous owner had become very set in his ways even though he had recognised that the market place had changed and was continuing to change. This clearly has to do with the fact that there is no *successor*. Very convincing evidence for this is present in the Greece Giftshop and in most of the Portuguese casestudies, in particular in the casestudy of the bookshop. Here the modernization process, including among others the diversification of the product range, started when children of the entrepreneur expressed their interests in taking over the firm.

Tension between craftmanship and entrepreneurship

Another example that the modernization of the product range is more than a matter of sufficient entrepreneurial skills is in the Dutch cheese shop. Since the beginning, in 1982, the entrepreneur has broadened the product range to pasta, olives, toast and cocktail biscuits, baguettes, patés and salads, sandwiches, rolls and cold cuts. This clearly is a trend in Dutch cheese speciality shops, but the entrepreneur feels obliged to follow this trend in diversification. 'In fact I am forced to do it, but I resist as long as I can. I am not really fond of the extra activities which I have to perform to become the service providing traitor. I am forced to do it, due to the competition of the large stores. I am forced to modernize in a direction which I don't like. Cheese is my craft and not cooking'. Inside in this small business owner there is a severe tension between his craftsmanship and entrepreneurship and it would be interesting to follow the outcomes of this struggle.

More diversification than specialization

In most cases diversification of the product range takes places. Sometimes this is combined with the disposing of one of more departments or product sections. An example of this is in one of the Portuguese casestudies. Similar to most old-fashioned Portuguese grocery stores this firm began as a small cafe-bar-cum-grocery. The total space of this combination was 40 square meters. In the meantime, this firm has been modernized into a self-service grocery shop with a shop floor from 130 square meters.

Both last mentioned cases, the Dutch cheese shop and the Portuguese groceryshop, resemble general trends in the modernization process of the retail sector (cf Kruse, et al, 1993).

3.3 Modernization and expansion

As mentioned before, in most cases, a diversification process place of the product range takes. This implies more products in the shops. However, in specialization there is the same trend. A very obvious example is the Irish hardware store, specialized in ironmongery. At the start twelve years ago the total product range of the firm consisted of 6,000 items. Nowadays alone the ironmongery section has nearly 12.000 items. Another example is the Dutch shop in optical goods. The number of frames in this shop since the beginning in 1984 has doubled. No wonder that almost all the entrepreneurs since the start have enlarged the selling area. Sometimes the premises offered enough opportunities, for the time being. More often, it turned out to be better or even necessary to move to another premises or to open additional outlets. The last option has not been chosen often. Far more entrepreneurs have moved to other premises. Nearly all of them stay in the same neighbourhood, mostly in the same street. It is obvious that they prefer to stay in the area where their customers live. The Dutch bicycle shop is an exception. This entrepreneur made a virtue of this necessity to move to a more promising place of business.
It is obvious that the entrepreneurs change their product range in order to attract more or more buying customers. In terms of Ansoff these entrepreneurs implement a market development strategy and/or a diversification strategy. However, one can argue that these strategies are not a never ending solution. There is always a point that the shop at this business place can hardly attract additional purchasing-power, though entrepreneurs prove to be inventive. Examples of this are extending the opening hours - the entrepreneur in the Irish self-service petrol station-cum-forecourt convenience store is thinking of a non-stop opening, seven days a week - and offering a personal credit service as is the case in the Portuguese book shop.

Frequent hesitations about the market development strategy
It goes without saying that expansion in the retail trade sector should take the form of the market development strategy. What is more simple than opening of outlets in another geographic area? In fact this has been the strategy of the multiples many years. It obviously isn't the strategy of SMEs in this sector. In our sample only a couple of firms have more than one shop. Maybe the explanation that this strategy isn't exactly suitable for SMEs is that it is a strategy of the multiples. How can SMEs have competitive advantages in adopting a strategy of the multiples?
One of the strong points of SMEs is the motivation of the entrepreneur himself. They know this is the vulnerable spot, when opening outlets. In some Irish casestudies, the entrepreneurs prove to be aware of this vulnerable spot. One of the Irish entrepreneurs

would like to expand his business by opening another store. However, he believes that this could lead to problems, because it would be physically impossible for him to run two stores at one time. This expansion would then mean that he would have to leave one store in the hands of a manager. The problems with hiring a manager lie within the fact that the manager will not treat the business in the same way as the owner. Ownership brings its own motivation and a drive for success of the business. So in order for this entrepreneur to hand over the business to a manager he believes he would have to transfer ownership, or at least part ownership, of the store to the manager to ensure the continuing upward success of the business.

The Dutch case study in the shop for optical goods underlines the words of this Irish entrepreneur. This Dutch SME opened a second outlet in another village at a distance of 40 kilometres in 1988. A former colleague was employed to run this outlet. This second outlet, however, turned out to be not very successful and was closed down four years later in 1992. According to the entrepreneur it makes a difference if a shop is run by an employee or by a self-employed person. A self-employed person, like an entrepreneur, is more aware of the necessity to be flexible and client oriented and he or she is also more ready make extra efforts.... 'This is very difficult to explain. In my feeling there is a difference if you are doing this job as employee or as a self-employed person. I myself perceive that I am more client oriented now as entrepreneur than I used to be as employee. And in my former job as shop manager I also did my best. As owner of a shop it is easier to act client-oriented. Every time a customer enters my shop I am pleased. I consider it more or less as a honour that he or she has chosen my shop. In fact I consider this as an appraisal for my firm every time. This makes it easy to give clients attention, this goes more or less of itself. It is very difficult to transfer this feeling to employees. Yes, my approach as entrepreneur is different from how I did things in the past as an employee. Maybe this shouldn't be so, but nevertheless it is a fact. Maybe I shouldn't say this, but when I shouldn't be the owner of this shop but only a shop manager then I would be less involved than I'am now.'

In our sample there seem to be some exceptions. In particular under the Portuguese casestudies there are firms with more than one outlet, namely the book shop, the alcohol & beverages shop and the painting and refurnishing shop. An important fact in the case of the book shop and the alcohol & beverages shop is that in the family of the owner there are more children interested in taking over (a part of) the firm. The painting and refurnishing is another story. In this case the acquisition of the second shop in 1988 meant on the one hand the elimination of the only competitor in the neighbourhood and on the other hand the enlargement of the sales and storage space from 60 square meters to 100. Besides, in the Portuguese casestudy of the paint & furnishing shop it is explicitly mentioned that the identification of the employees with the shops they work in is very strong and almost as if they themselves were the owners. But the researchers clearly state that this is rather exceptional in Portugal as it is in the Netherlands and Ireland.

Tension between craftsmanship and management

At the same time in some casestudies one can read that the entrepreneur is very motivated by serving his customers, that is to say by executing his craft, but that he is less attracted to the managerial aspects of running a business. Some explicitly state that they cannot or will not delegate things. The owner of the Dutch shop in optical goods is perhaps the best example of this. This entrepreneur is in fact reluctant to hire personnel ...' 'In fact the real problem is that I don't like to delegate activities which I consider to be core-activities. And servicing the clients is a core-activity in my shop. Besides, my wife and I make a very good team. Both of us know all the ins and outs of this work and that is why we co-operate perfectly '. His wife agrees with him but at the same time she makes very clear that she experiences a tension between her tasks in the firm and her role as mother of a family with 3 young children.... 'Sometimes it is hard for me. I like my work in our firms but I can't deny that there are moments that it is very difficult to combine with my household and family affairs. Financially, there are no problems to replace me by an part-time employee, but there are other obstacles. My husband wants to do things perfectly and this is especially true in dealing with clients. I have to admit that the most important reason for the growing number of clients is that my husband knows his trade and that he knows how to deal with clients. This is his strength. It is not realistic to search for a part-time sales person with such a qualification profile. This is why he doesn't like to delegate this activities to an employee. To be honest, he doesn't like to delegate these activities to anybody'. Characteristic is what happens when a customer enters the shop at a moment that the entrepreneur and his wife are both busy in the workshop, the entrepreneur executing his craft (sharping lenses, etc.) and his wife doing office-work.... 'In such situations it's always me who goes to the client, even when I have to do more work in the workshop than my wife. I really hardly can delegate these activities to others. I prefer servicing the clients myself. And it is true I'am qualified for this job and I like doing it'. When there are more clients in the shop his wife and/or the free-lance contact lenses specialist have to help out... 'In these cases I'am helping one client and at the same time listening to what happens elsewhere in the shop. When my wife is servicing a client I'm always listening if I can support her on technical matters. Of course there is no need for such support in case of the contact lenses specialist. Here I only monitor if he spends enough attention and time to the clients. Of course it happens that people come for a normal half year check and that there are no specific problems. Technically speacking in these cases you can be ready in less than a minute. But I consider it as very important that the clients notice that in this firm there always is attention and time for them. This is the added value a small shop can and should deliver. From time to time I have to remember my colleague'.

Redevelopment of the product range

In the beginning of this paragraph we mentioned that in most of the casestudies there are significant more products now than when the firm started. However, this doesn't necessarily mean that there is no redevelopment of the product range.

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A very sophisticated system is operational in the Dutch supermarket. In 1993 a direct-product-profitability system was (DPP) was implemented. This system is developed by the entrepreneur and his wife together a software organization. The DDP-system provides department managers with information of margins per item per shelf location. This modernisation places the small family-owned supermarket in first place compared with other small competitors and even with large chain stores. The rewarding results derived from the DPP-system are that the information gives steering devices for purchasing, inventory management and shelf-location. On the basis of turnover and margin per product per location, displaying of the products on shelf becomes a real profitable issue. The department managers began to work with shelfplans on the basis of shelf analysis. Of course this has impact for the relations with the suppliers. For instance, the shelf analysis and plans are communicated with the wine-supplier and he delivers the wines immediately according to the plan. And the one who fills the shelf gets as a service a clear picture of how to organize the different wines on the shelfs. Of course this supermarket with 32 employees is not really a micro-enterprise but it still is astonishing what sophisticated instruments and software can be used in this kind of firms.

The Irish self-service petrol station with a forecourt convenience store, employing only 3 persons, proves that also a micro-enterprise can (or should) be very alert at wasting money. This entrepreneur used sales figures of individual items to find out their popularity. He purchased one freezer for the ice cream and cut the range down from fifty to twenty five while skill catering for all different age categories. He also cut the range of magazines from one hundred and fifty to the top fifty titles.

3.4 Modernization and competitive advantages

In the former paragraphs we have mainly concentrated on the modernization of the product-market aspects of the micro-enterprises in the retail sector. Of course these aspects are the core-business in this kind of firms, but there are more aspects that should be the subject of modernization, for instance the (technical) equipment, premises, shop lay-out and display, management instruments and staff. The modernization of all these aspects is necessary to sustain competition of the competitors via improving the competitive advantages.

Some aspects of the firm require a more or less continuous concern. In fact this is true for all aspects that to some extent depend on developments and trends in the environment. For retail firms an important example is the product range. To keep up to date, retailers have to follow closely the developments in relevant product areas and the trends in customer behaviour. Most of the interviewed entrepreneurs are very aware of this. They talk with their customers and suppliers on a daily basis about the product range and service of the firm. These are important sources of commercial information. Most entrepreneurs experiment on a regular basis with new products. There are numerous examples of this in the casestudies, but we will present here only

one: the Dutch cheese shop.

This entrepreneur seeks to compete with other shops by promoting an image of craftsmanship and Dutch traditional farming. The shop's appearance and decoration is carefully selected. He does not use price-promotion, but his rare advertising and promotion is directed towards the presentation of new products. Regularly he provides the possibility - also for promotion - to taste new products free of charge. The relationship with regular customers is maintained very carefully. To a large extent he feels the most responsible for maintaining this relationship. The contact with several people is in fact a motivator for the performance of the entrepreneur. He tries also to develop this servicing attitude with new recruited employees.

The entrepreneur does not promote special services like home-delivery and special decorated `plateaus' on customer orders. He finds these activities not profitable. Four years ago he started - with success - to promote portions of the harder type of French and Italian cheese pre-packed by himself. This type of convenience (self-service) proved to provide a higher turn-over.

He is constantly looking for change in assortment according to a diversification strategy, especially in cheese. 'You cannot differentiate with normal Dutch cheese anymore. Its too regular. You have to specialize in different farm-cheeses and foreign cheeses.' The share of regular Dutch cheese in the turn-over has gone down to a share of 19%. Farm cheese is the main product which attracts regular customers (farm cheese 13% share). Foreign types of cheese nowadays exceed the number of 80; the share of turnover is more than 20%. Next to the diversification strategy the entrepreneur seeks to get an advantage out of a purchasing strategy by purchasing from different suppliers. That is especially relevant for the regular Dutch cheese.

In the modernization of the shop, the entrepreneur has gradually developed a system to monitor the assortment. He looks at the turnover per product per period on the basis of weekly inventory, ordering schedule. If this figure is going down he performs special actions (price-promotion and active promotion). He checks the effects of the actions, and if these are not sufficient he changes the product for a new product.

In fact this is an illustration of a gradually and continuously developing modernization process. It illustrates how this entrepreneur carefully and continuously monitors the competitive advantages of his firm.

There are also aspects that require a more or less periodical modernization, for instance the maintenance of premises and technical equipment. But one can also speak of periodically modernization of the product range. There are a lot of examples in the 20 casestudies, for instance major diversification decisions like the enlargement of the product range with a delicatessen counter or in the case of the Dutch cheese shop the creation of an open window-outlet for selling of nuts. The modernization of the product range often has a continuous and a periodical character.

In the case studies there are also a lot of modernization examples that can be characterized best as one-off operations. Most entrepreneurs will execute such operations only once in their lifetime. Taking over a shop that is totally outdated as is the case in one of the Irish Spar-entrepreneurs offers a good example. When the entrepreneur

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took over the shop it was generally in a poor condition; the shop had not been painted in recent years, it did not have running water and there was no footpath outside. A total of eight bulbs lit the store. The staff did not wear uniforms and the standard of display was poor. The layout of the shop was customer un-friendly and the shelving was twenty three years old. The opening hours were quite short, from 9.00 to 18.00.
The entrepreneur renovated the store disposing of all the old displays and equipment except for the cash registers, the dairy counter and the meat slicer. The premises were rewired, water was plumbed in, and a new ailing was put in along with sixty energy saving light bulbs. He also put in a new fruit and vegetables section and a mew magazine ares.
In fact, the entrepreneur has continuously been investing In the business. He has bought a new oven unit to bake fresh bread daily and a unit in which to display the bread, there is also a new chicken oven and new freezer cases. In the past few months steel shutters have been installed and a new air conditioning system has been installed.
However, there is little doubt that in the coming years the modernization process in this store will get a more moderate character like that in the above mentioned cheese shop.

Cooperation to improve purchasing power
In the description of this cheese shop one perceives the close relationship between modernisation and competitive advantages. As most SMEs, this entrepreneur does not try to compete on prices. However, this does not imply that prices are not important. In the 20 cases there are examples that prices are important, in fact so important that the entrepreneurs have to cooperate in order to define common buying strategies. In these cases the entrepreneurs mostly are members of a purchasing organisation. But an alternative is cooperation between a limited number of entrepreneurs as the Dutch bicycle shop demonstrates.

3.5 Organisation and personnel in modernising micro-enterprises

Four 'layers' in micro-enterprises

Although there are differences influencing the organisation of the micro enterprises in the four countries of our research, in general the similarities are obvious. First we will describe the organisational structure of the studied micro-enterprises according to the 'onion-model'. Depending on size, one can distinguish different layers or peels (like of an onion) in the micro-enterprise with different functions and positions. In the following we will first give a description of this structure and after that we will see how employees are playing a role in the modernisation process depending on the layer or peel they are in.

If we compare the micro-enterprises studied, a striking characteristic is the very central position of the entrepreneur(s). Even in the very small enterprises, where except family no other personnel is involved, the entrepreneur seems to be the decisive person (see the bicycle-shop and the shop for optical goods in the Netherlands and the giftshop in Greece). Although in this shops wives and/or daughters are playing an important role, the entrepreneur himself (in this cases all are male) takes the strategic decisions (product-market, assortment, competitive aspects and financing). Maybe the relation between entrepreneurship and ownership could be the decisive element that determines this position.

In the micro-enterprises where more personnel from outside the family are involved, one can distinguish three layers or peels within the enterprise. Again, the entrepreneur (or the partners-entrepreneurs) is positioned in the centre of the enterprise and in general there is a firm structural barrier between the owner-entrepreneur and his personnel. Ownership, and all that is connected with this, such as self-employment, family-income, societal status, is extra motivation for the entrepreneur to invest his creativity, his workpower, a very great part of his time and money in his enterprise. All the casestudies in this research confirm this. But it seems to be that the entrepreneur is protecting his exclusive domain against external influences. This for instance, is illustrated in the Dutch bicycle shop where the entrepreneur explicitly decides not to grow because in that case he will be dependent on personnel.

In spite of the big time investment of the entrepreneur himself he does not see any possibility to hire personnel. A lot of the work to be done does not produce direct income and a lot more paid hours should be available to create the possibilities for hiring someone. But he does not want this. 'Working with personnel is for our type of enterprises not possible any more today. You need work for two extra persons to be able to hire one person. Other people are telling you the same: don't hire external personnel. If you can't manage it, let the clients buy their bicycles elsewhere, send them away, that's better than hiring personnel. No, we aren't thinking about external personnel.'

On the other hand the personnel mostly does not have the motivation to invest in the enterprise as much as the entrepreneur himself. Their employee-status and the fact that they are working for someone else who is earning the fruits of their efforts are less motivating. So this barrier is not only built by the entrepreneur-owner but also by the employee of the micro-enterprise. A change-over from an employee position into the entrepreneurial position in the same enterprise without participation of the employee in the ownership seems to be a difficult and, for the entrepreneur risky undertaking. This is, for example, illustrated in the Dutch shop for optical goods where the entrepreneur opened a second shop which didn't succeed because of the (lack of) motivation of the manager of the new shop.

A former colleague was employed to run this outlet. This second outlet, however, turned out to be not very successful and was closed down four years later in 1992. According to the entrepreneur, it makes a difference if a shop is runned by an em-

ployee or by a self-employed person. A self-employed person, like a entrepreneur, is more aware of the necessity to be flexible and client oriented and he or she is also more ready to make extra efforts. 'When you are working in and for your own business, these extra efforts are easier to realize, not only for yourself but also for your partner.'

A second illustration comes from the Irish convience store where the entrepreneur in his orientation to open a new shop points to this same problem. Looking towards the future, Mr. F. would like to expand the business, perhaps by opening another store. However, Mr. F. believes that this could lead to problems. This is because it would be physically impossible for him to run two stores at one time. This expansion would then mean that he would have to leave one store in the capable hands of a manager. The problems with hiring a manager lie within the fact that the manager will not treat the business in the same way as Mr. F., as he is not the owner. Ownership brings its own motivation and a drive for success of the business. So in order for Mr. F. to hand over the business to a manager, he believes he would have to essentially transfer ownership, or at least part ownership, of the store, to the manager to ensure the continuing upward success of the business. Mr. F. knows of situations where retailers have sought to open a second store, and in the process of doing so, have failed to the extent that even the first shop was threatened with collapse. He also knows of friends who successfully run a number of stores.

For the growth of a single shop into the direction of a multiple chain this seems to be a real problem. In a shop managed by a family this problem can be solved by giving family members the responsibility for new shop (as is done in the bookshop in Portugal).

In the case studies it is shown that in most cases, and certainly in the situations where more personnel is employed and where the gap between opening hours and working hours is great, a division of labour in a hierarchical sense can be observed. The entrepreneur mostly is too busy to take all the responsibilities so he has to delegate some of his tasks. Besides someone elsehaving to take over for him for the time he is not able to be in the shop himself. So there is being an unofficial hierarchical structure although it is not so explicit in this micro enterprise because employees with a hierarchical position are also doing practical tasks just like other employees. This is clearly illustrated in the studied Irish convenience store. When Mr. F. had opened the shop he realised that he was not physically capable of looking after the ordering process by himself. So in response to the pressures of dealing with a new start-up business, he approached the two female employees that he had retained from the previous shop owner and asked them if they would like to assume more responsibility in looking after the ordering process. One girl turned down the offer immediately as she did not want any more responsibility whereas the second girl, welcomed the opportunity. In due course Mr. F. has trained her to take care of stock checks, listing

what goods need to be ordered and then sending the list to the supplier. She has, in effect, become his 'right hand person'. By training this staff member to look after the ordering, Mr. F. feels that he is able to take a small step back from the business which allows him to look at different aspects of it. However he finds that it is hard to get other staff members to assume any big responsibility.

There is no clear division of work in a horizontal sense in most cases in the most countries. Most enterprises have a wide product range with different counters in the shop but in most shops there is only one sales function. Employees are doing all the practical tasks in the shop. In this way the internal flexibility of the organisation is optimal. Only Greece seems to be a exception: flexibility here has a more external character because more people here are way involved in the work in the micro-enterprise in a informal. Other small enterprises also realise a external or numerical flexibility but this is achieved by hiring workers with part-time and limited contracts according to the needs of the moment. In this respect, there seem to be no big differences between the countries studied.

As a result of this organisation of work the personnel can be divided in two categories: the employees with a 'hierarchical' position and the employees only involved in the lower sales functions. The first have normally spoken a full-time contract, are oriented on the own enterprise and mostly on a career in the retailing and, sometimes, they have a (vocational) education in retailing (in the Netherlands). Mostly it concerns only one or two employees with such a position. Where more family members or more partner-entrepreneurs are involved, employees don't get this position. The sales personnel have more often part-time and/or limited contracts, they are more instrumental oriented and don't aspire a career in retailing. They see it as a temporary job often in their orientation phase of entering the labour market.
So one can distinguish two layers among the employees in micro-enterprises: internal and external oriented employees. For the micro-enterprise, the internal oriented employees are of a crucial importance. For an important part they have to operate from an entrepreneurial viewpoint. The fact that they have an employee position is, however, a contradictional situation. It is also a dead-end position because career possibilities in the micro-enterprises are very limited. Most employees in this position leave the micro-enterprise in the long term and choose for a job with career possibilities in the bigger retailers or they choose self-employment.
Family members often occupy this position but for them this position is easier because they are in one way or another more directly connected with the entrepreneur- and ownership of the enterprise. In countries such as Greece and Portugal where selfemployment seems to be a more important phenomenon, this position is more occupied by family members (with an employee status or even with an informal status).
So besides these entrepreneurial layer, one can distinguish a small internal oriented layer existing of family members or of selected employees and an external oriented layer of employees. Transitions from one layer to another are difficult and don't occur

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very often.
Besides these three layers one could distinguish a fourth layer outside the enterprise existing of different most specialised service providers (cleaning, advertising, window-dressing, purchasing, etc.) and consultants (administrative, accountancy, juridical and legal services, marketing, information technology, etc). For most micro-enterprises this additional services are very important because the entrepreneur himself doesn't have all these qualities while on the other hand the standards which he has to fulfil are getting higher and higher. The 'purchasing' of specialised knowledge and services by entrepreneurs in micro enterprises seems to be a trend which it can be observed in all the cases studied in this research.

The four 'layers' and the modernisation process

In the normal daily functioning of the studied micro-enterprises, there is a rather steady division of tasks between the different layers as we described herefore. The entrepreneur is busy with his entrepreneurial and managerial tasks and if possible with the servicing of his clientele. In a smaller enterprise the entrepreneur is doing all these tasks himself together with his family. In the greater ones the entrepreneur is concentrating on his entrepreneurial and managerial tasks. Family members, if available, are nearly always involved in the entrepreneurial tasks but for the most part they play a more important role in the daily management of the shop. If there are no family members involved, the internal oriented employees are doing some of the managerial tasks but it is striking that family members geerally get more responsibilities and authority than employees in a hierarchical position. They are spending most of their time in serving the clientele and in supportive tasks as cleaning, shelving, etc. The external oriented employees are servicing the clientele and they do the most of the supportive work. Of course there are variations in the cases studied in the different countries but this certainly is the general trend in all the cases.
In the casestudies of this research one can distinguish two ways of modernisation. The first is the big step forward organised and realised in a relative short time. Most of the examples in this study have this characteristic. This way of modernisation can be described and analyzed as a project. The second way is a more step-by-step modernisation. In a permanent adaptation process of product-market combination, assortment, shop lay-out etc. an enterprise is permanently trying to optimize its position with regard to its market/clientele and its competitors. The casestudies are showing that the different layers of the enterprise are in a very different way involved in these two ways of modernising.

Modernisation by project

Most of the studied modernisation processes can be seen as projects (probably this is a result of the way in which the cases are selected). Often in a short time a very far-

reaching renewal of the enterprise is realised, coinciding with new premises in a new place or with a taking over of an existing (sometimes declining) shop. What is remarkable is that these modernisation projects are initialised and realised by the entrepreneur (and his family) with the support and help of different parties from the external layer of the enterprise. One of the Irish case studies offers a good example. When the entrepreneur took over the shop it was generally in a poor condition. The shop had not been painted in recent years, it did not have running water and there was no footpath outside. A total of eights bulbs lit the store, the staff did not wear uniforms and the standard of display was poor. The layout of the shop was customer un-friendly and the shelving was twenty three years old.
Despite the dilapidated condition of the shop and the fact that some of its stock was out of date it still had a steady flow of customers. It was perhaps the fact that they had never seen the shop in any other condition that the customers continued to shop there. The entrepreneur also believes that there is a degree of loyalty to the local shop.
The previous owner had traded as an independent but Mr. F. decided to join the Spar franchise (he was constrained from joining the Centra franchise owned by the largest grocery wholesaler because there was already an existing Centra store in the village - his main competitor). When planning for the new store was in process the current entrepreneur added his own ideas to those of the Spar development team. Since his background was in supermarkets he listened carefully to the team who knew the business of convenience stores. The Spar development team wanted to position the store as a small supermarket but he himself believed that the market in this village was not big enough to warrant the extra investment and he decided to trade as a convenience store.

Only in Greece the modernising entrepreneur is to a lesser extend using his external advisors. Partner entrepreneurs and family members seem to be much more important in his decision making than advisors, since self-financing is normal practice in Greece.
But in general, personnel are involved on a limited scale or not involved at all in this type of modernisation.

Modernisation as a permanent process

Of the casestudies only several cases are part of a gradual modernisation process. The most explicit example is perhaps the hardware store in Ireland but there are more examples of shops who after a big project-modernisation are adapting to their environment (market and competitors) in a permanent way. The filling station in Ireland and the cheese-shop in the Netherlands are illustrating this.
These cases show that in this gradual modernisation process, personnel play a more important role and that external advisors here are nearly absent. One of the most important aspects in this process is the permanent sounding of the wishes of clients and of course the reaction on this wishes by the entrepreneur. While the personnel on

the second and third layer have most contacts with the clientele, the personnel play a crucial role in collecting the clients wishes and in communicating them within the enterprise. Only in a few casestudies this process has a structural basis. The best example in the Irish hardware storee. In this shop staff are encouraged to keep two diaries. The first diary records queries from customers who seeking a particular product which is not in stock but ordered or who have a technical problem relating to a product line; the staff member will use the diary to keep himself informed if the product has been delivered or if the supplier was able to provide an answer to the customer's technical query.
The second diary is used to record items which have gone out of stock and the staff member uses it to note these items during the course of the day.

In a less structural way, this process of communication with the market by way of the eyes and ears of the personnel is taking place in more enterprises.
For a successful communication within the enterprise between personnel and entrepreneur (and his family members) the internal relations, and especially the relations between owner-entrepreneur and his personnel, seem to be crucial. An open and good social climate is a necessary basis for such communication. This can be, for example, illustrated in the Portuguese case of the bookshop where personnel were not involved in this process (instead of family members) and where employees turned their back to the enterprise and even left the enterprise.

In reality and in future permanent repositioning and adaptation to market and competition will become more important for the survival of the micro enterprises. The involvement of the personnel in this process could be a decisive factor for the success of the enterprise.

Part II

4 Qualifications in the modernisation process

In the third chapter we have portrayed stages, forms and differentiation of shopfloor modernisation processes in micro enterprises in the retail sector. In this context twenty case studies which were available to us from the Netherlands, from Ireland, Portugal and Greece served as empirical basis.

In this chapter we intend to portray the demands on vocational qualification arising from the modernisation process - not only for the owner but for all persons involved.

The following chapter deals with the qualification requirements which result from the process of modernization of micro-enterprises for all persons involved - i.e. for the owners and their families - if they work in the enterprise - as well as for their staff. According to the methodical structure of this pilot study, we chose as starting point for our elaboration the cases of successful modernization which have been surveyed. These cases describe the decisions which were taken and the activities which were developed to modernize a certain micro enterprise in the retail trade successfully. The synopsis of 20 cases in hand shows a large conformity with regard to the fundamental fields of activity and the targets for a successful modernization. Therefore, it can be assumed that these activities represent the minimum requirements for successful modernization. Each micro-enterprise which has to face the challenge of a modernization therefore has to become active in these fields with certain targets, i.e.: the persons involved have to be able to cope with these activities in a professional way. There is one thing we can presume for the cases examined: successful modernization is linked with considerable qualification requirements! Thus, each essential modernization activity can be analysed in a way to determine which abilities had been or have to be available in order to cope with it - indepently of the way in which these qualifications have been achieved in the cases examined by us. Vocational abilities may be acquired in different ways: However, we will not (yet) take the step from describing the requirements to their didactic implementation. To begin with, we will try to translate the main activities described in the case studies into vocational requirements in the sense of „Abilities to ....." and to concretize and specify them as far as possible. The term „Ability to ...." comprises at a more concrete level a combination of different elements of vocational qualifications which have their own specific logic (e.g. merchandise knowledge). This would then be another step of „translation" which should be followed by a third one - i.e. pointing to a didactical processing under the issue „How to modernize a micro-enterprise: qualification needs and learning processes" - for instance in the form of a manual. This would, however, exceed the limits of this pilot study.

First of all „Ability to ...." is understood as the abililty of all persons participating in the business to accomplish these tasks: organizing a division of these tasks also belongs to the main elements of the process of modernization. However, we will not

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deny that the owners of micro-enterprises (or perhaps other family members) play an important role. Nevertheless, it is important to consider that the process of modernization implies a challenge for all the persons involved and that the traditional concentration of all qualitatively demanding tasks upon the owner, may become an obstacle to the process of modernization.

4.1 Modernisation of micro-enterprises

Understanding the modernisation process: spurts of innovation as projects

The criteria for the success of modernisation have already been portrayed. Yet, we would like to underline one decisive feature once again at this point: the process of modernisation is only successful when it is understood - basically speaking - as a sequence of continual spurts of innovation. In other words: Modernisation is understood as a process with an open future, aiming at the preservation and improvement of market positions in view of continual changing environments. The durable effort / tension - readiness and capacity of innovation, which is a constant and central element of the ability to steer a micro enterprise successfully in the everyday market, represents the core of the qualification problem in question here. Methodologically, this can only be successful if the individual stages of the innovation process which involves a high degree of experience, are conceived in the form of "projects". The case studies clearly show this. Such spurts of innovation can be organised with particular success if they are understood as "projects " of all parties involved and not only as the owner's projects - as, in this way, much more innovation potential will be mobilised than if they were only "owner's" projects. We will come back to this point in the investigation of the consequences for continuing vocational training for micro enterprises.

Micro enterprises: "a world of its own" - the role of the owner

All parties involved emphasise that micro enterprises form a "world of its own" which cannot be compared with the world of large-scale enterprises. In this context, the most essential differentiating feature is the role of the owner himself. It is his enterprise and at the same time he is the central labour force in it; not only does he exercise the most important functions but he " lives" his enterprise extensively. In many cases, it is justified to say that the firm - in the true sense of the word - represents a major part of his life. At the same time it is also his "lifework": without doubt this can serve to explain why in the majority of cases the support of the family is of existential importance in some way or another, but also why entrepreneurial impulses take place with a view to his "successors", i.e. the firm as dowry and legacy for the children.
The owner's central position is his aforementioned double role, or better his multifaceted role: provider of capital, manager, purchaser, salesman, etc., means at

the same time that his qualifications are of central significance for the success of modernisation processes in this firm. Yet, what is learnable, i.e. also transferable in training offers and what factors belong to that complex of behaviours, mental prerequisites, etc. which one generally calls "entrepreneurial personality"? The question about the relation of qualifications and behavioural disposition or motivation can be asked for vocational activities as a whole and is particularly emphasized right now in the recent discussion on the so-called holistic demands on employees. In the typical profile of the successful owner of a micro enterprise, these two components are interwoven to a degree that not only they themselves, but also the authors of the case studies, tend to "let disappear" the necessary qualification for the modernisation process (which were acquired, i.e. learned in some way or another - we will come back to this point) of the owners' personality.

4.2 "Entrepreneurical intuition": based on skills

The case studies portray a feature of "entrepreneurial personality" which we will refer to as "entrepreneurial instinct".

All modernisation processes being reconstructed in the case studies have a common point of origin: the owner's conviction that "you can make something of this enterprise" after an assessment of the situation and the competitive situation. "Modernisation" always aims at a differential target compared to actual or potential competitors. What factors serve as the basis for this behavioural disposition - which, for the time being has been referred to as "entrepreneurial intuition"? The conviction to be able to make something of the shop, the courage, the readiness to commit oneself and to incur personal risks, the readiness to go new ways? Maybe it is primarily due to a conviction anchored in the structure of personality to be able to cope with it. Yet: Self-confidence in one's own vocational and entrepreneurial skills seems to be the basis of the so-called "entrepreneurial intuition".

Therefore, it is interesting to analyse the owner's qualificational prerequisites in our case studies at the point of time when the decision in favour of modernisation is taken.

As we have investigated "cases of modernisation", it is a given fact that the business has been in existence before, partly for many years. The modernisation of the business has been introduced either by the former owner himself of in the wake of a change of generation in the family or with the help of sons or daughters or by the acquisition of an existing business by a new owner. This is one of the most common cases in our sample. On the whole, it is justified to say that *the initial step of modernisation is triggered by a push of new and additional qualifications* - change in generation and acquisition are the most eminent events. But there are also cases in which persons with long-standing professional experience who have done little or nothing at all in this time to improve their qualifications have been successful in starting such an

initiative of modernisation; it seems as if additional conditions must be given for this purpose, such as professional support, for instance.
Here a first example.

Supermarket 1, Irl.
Mr. H. has been in the grocery trade since he left school. He has been a member of the Spar group for nearly thirty years. Mr. H. believes that his experience in the retail trade over the past years has been the most suitable teaching that he has conceived. He is happy with the relationship with Spar... Mr. H., who had been running a smaller grocery outlet further up the street saw the opportunity to expand when the premises came up for sale. The property had the added advantage of having ample adjoining parking facilities. A further advantage to the premises was that it had a seven day bar licence which allowed for the sale of alcohol to the supermarket."

The examples for the acquisition of a business by new owners show the considerable qualificational renewal by the respective background of the person taking over the business:

Supermarket 2, Irl.
"Mr. F. was previously a store manager of a supermarket, one of the more progressive grocery multiples, and was responsible for opening their most recent supermarket in the outskirts of Dublin. Mr. F. who had been planning to set up his own business a few years ago deferred his plans when given the opportunity to manage the store opening. He believes that he made the right decision and the experience of opening the new store has been beneficial for his present shop...
His training was as a manager in one of the grocery multiples in Ireland which has an excellent reputation for innovation and training. He worked there for eighteen years before undertaking this current venture. In his last years working for the supermarket he had to supervise the planning, building and construction of a new store. He feels that his experience gave him the confidence to open his own shop, or indeed he may not have achieved the same standards. Mr. F., in addition to running the store, also works as a consultant, advising retailers on how to upgrade their stores..."

Bicycle, Nl.
The situation in the family made the decision easier. This was especially important for the big role that was played by the woman. Referring to this, she said: "I always supported our decision,that's the way it should be. I was always positive. But for me, anotyher advantage was that our children were already big when we started. The youngest was fourteen and that was much easier, one was more free. If we had started much earlier, it would have been much more difficult for me."

The following example will illustrate the considerable input of new qualifications in an intra-family change of generations:

Bookshop, P.

"The founder's profile is that of an "honest and traditional" bookseller as he states: "the purpose of business is always the profit, however in this branch, it is a bit different, passion is already a significant part of that profit". His democratic and brave attitude of persisting in the diffusion and selling of books, namely those forbidden by the censorship of the old dictatorial regime, caused him enormous damage (several books were seized by the political police and he was in prison for a month), however he became highly respected in the intellectual circle...

In 1987, after having attended a specialised course for booksellers, his son, by taking advantage of the increase in the amount of sales of the bookshop, introduced a commercial strategy for the supplier and made them renegotiate the commercial range individually.

4.3 How to manage the transition from the first to the second stage of modernization

Many of the case studies reveal that there is just this one critical point regarding the process of modernization: the expansion goes beyond the family of the owner, i.e. hiring of personnel becomes necessary. We do not regard this expansion of personnel as a necessary step but often it imposes itself in the modernisation process, especially in cases in which the owners cannot involve further family members into the business. We consider this expansion as a separate stage since groups with completely different relationships to the business must come and work together. This means: those who work on a contractual basis and who do not have a share in the property will - despite all their readiness to assume responsibility - limit their engagement for the firm much more strongly than the owners themselves (and also family members, if applicable). The success of positive integration and a sensible division of labour largely depends on the firm's success. For this reason, an expansion of personnel represents considerable demands on the vocational capacities of all parties involved. The following examples illustrate this:

This situation is even more "critical" from the point of view of the owner, when he has to accept an employee to run another outlet of his firm. The following two examples illustrate this.

Supermarket 2, Irl.

Looking towards the future, Mr. F. would like to expand the business, perhaps by opening another store. However, Mr. F. believes that this could lead to problems. This is because it would be physically impossible for him to run two stores at the

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same time. This expansion would then mean that he would have to leave one store in the capable hands of a manager. The problems with hiring a manager, lie within the fact that the manager will not treat the business in the same way as Mr. F. as he is not the owner. Ownership brings its own motivation and a drive for success of the business. So in order for Mr. F. to hand over the business to a manager he believes he would have to essentially transfer ownership, or at least part ownership, of the store to the manager to ensure the continuing upward success of the business. Mr. F. knows of situations where retailers have sought to open a second store, and in the process of doing, so have failed to the extent that even the first shop is threatened with collapse. He also knows of friends who successfully run a number of stores.

Optician, NI.

The new firm made a good start and the turnover increased slowly but continuously.
„The new business turned out to be so successful that we were wondering: could we do this once again? In 1988 we opened a second outlet in another village at a distance of 40 kilometres".
A former colleague was employed to run this outlet. This second outlet however turned out to be not very successful and was closed down four years later in 1992.
According to the entrepreneur it makes a difference whether a shop is run by an employee or by a self-employed person. A self-employed person like a entrepreneur is more aware of the necessity to be flexible and client oriented and he or she is also more ready to make extra efforts.
„When you are working in and for your own business these extra efforts are easier to realize, not only for yourself but also for your partner."
There is some evidence that this is true. As we have seen in table 1 the number of single shops run by self-employed people is gradually growing, while there is more or less a standstill in sales outlets of multiples.

4.4 Modernisation strategies and work organization

Our case studies show clearly that for a successful modernisation process a central demand on the owner is not to grow lost in everyday business but to keep enough distance to be able to make continual reflections and projections involving the whole enterprise under strategic aspects. Our case studies show the owners' enormous time commitment for the firm. At the same time, it is empirically quite evident that a constant reference to the enterprise only becomes possible if the owner frees himself of a number of tasks which so far he has taken over in everyday business. The delegation of tasks and the new allocation of responsibilities connected therewith thus represent the key problem of the modernisation process, especially when this also means growth. In this way questions of labour organisation and qualification of all employees assume the rank of priority of a successful modernisation process.

"Delegation" creates new demands on both sides and requires certain qualifications on both sides. First of all, the readiness to delegate and the readiness to accept partial responsibilities tequires a strongly personality-related component. In addition, the traditional patriarchal firm culture forms a strong threshold or impediment to the delegation of responsibilities. The case studies make clear to us that the degree and the modalities of the delegation of responsibilities are developed to very different degrees. But a boss who literally "takes care of everything" does represent a major impediment to modernisation.

If we say that aspects related to personality and firm culture play an important role in "delegation", the qualificational dimension may nevertheless not be underestimated. On the part of the employees, to whom tasks and responsibilities are to be delegated, this means: they must be able to master the tasks involved which very often means an extension of the present scope of tasks. This must be learned. Often this extension is nothing spectacular, so that those involved hardly perceive them as qualificational demands (which is what they actually are). In this respect, without doubt, the way in which new tasks and responsibilities are delegated plays a decisive role: mostly it takes place successively and in a "trial-and-error" procedure.

On the owner's part, as well, new qualificational demands arise. Tasks and responsibilities which were assumed directly in the past, decisions for which only he consulted himself, must now be expressed explicitly. Changes in the division of work, in the hierarchy, in communication and in co-ordination are elements in this process. Each of these elements represents specific demands on qualification. After all, it is a change of the former organisation of work. The more consequently "delegation" is carried out, the stronger the necessity of change in the former traditional organisation of work is; here, we have been able to observe some empirically very different models and it seems to be a special characteristic of the micro enterprise that delegation primarily prefers family members (if any). Or in other words: the existence of family members with a certain qualification who are engaged in the enterprise obviously facilitates delegation and thus also the chances of a modernisation process. (Our experience shows that the problem of delegation arises particularly strongly when the enterprise pursues a line of expansion, i.e. if another shop is to be opened; i.e. exactly when the enterprise is about to leave the situation of a micro enterprise.)

In a micro enterprise, delegation has a characteristic delimitation: the owner must not abandon his strong customer contact, since this represents micro enterprise's very competitive edge over large-scale businesses. In retail trade this means: "here the boss himself serves his clientele". In this context, the owner must find a balance which sometimes means that he himself represents certain highly prestigious groups of merchandise involving much personal consultation (e.g. delicatessen).

The abilities of changing the organisation of work

As the case studies show, we are facing a central problem of the modernisation process of micro-enterprises in this respect. The initiation of a modernisation process

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and the continual re-adaptation to changing environments demand a "strategic" way of dealing with the firm; this requires that sufficient qualificational resources and, above all, enough time. As a rule, it is the owner in micro-enterprises who assumes strategic tasks; he considers them to belong to the tasks directly connected with his function. Whether these task would necessarily have to be monopolised by the owner - this is the case in nearly all of the cases which we have studied - is another question which we will come back to later.

At any rate, a strategic way of dealing with the business can only be successful if enough time can be employed in this respect. The exact listing of use of time, which can be found in our case studies, shows, however, that owners traditionally "take care of everything", which leads to extremely long working days and working weeks. This use of time for everyday tasks standing in connection with the mere management of the firm represent a central impediment to modernisation. Essentially improved time economy and a change of the organisation of work in the sense of a redistribution away from the owner become extraordinarily important: in this sense, we speak of a situation in which a consistent and successful modernisation process moves from the "outside" towards the "inside" - i.e. towards the change of business processes and the organisation of work. In micro-enterprises this obviously represents a major difficulty, which, in turn, stands in close connection with the owner's traditional role and the traditional understanding of his role. A reduction in the owner's all-round dominance is evidently easier if family members also work in the business and if certain important tasks can be delegated to them. The central problem is the delegation of such tasks to employees who are not family members and who do not participate in the owner's function as a consequence. We consider this to be a very decisive problem field in the modernisation of micro-enterprises, especially if this modernisation is connected with a certain growth in size.

What is this special difficulty which - understandably - plays such an important role in the case studies and in interviews with owners? Obviously the point is that owners want to transfer their own extensive, highly motivated working model which is connected with their function as owners and decision-makers, to staff and they know that this is not possible at all or possible in exceptional cases only. The interests of these two groups differ considerably; it is hardly realistic to expect from staff virtually the same motivation and the same commitment which owners show. On the other hand, owners often underestimate their staff's willingness to make a commitment and their potential of competence; the decisive question is, what internal structures of co-operation and communication are like and in what form acknowledgement of high willingness to perform and commitment is expressed. The few interviews which could be conducted with staff in the course of the case studies indicate, however, that the working milieu of a small firm with its abundance of personal contacts and personal relationships, direct customer contact, the increased transparency of all events are judged very positively, while the naturally, rather bad remuneration, and insufficient career prospects entail negative reactions. Yet, in the majority of cases, personnel turnover is rather low, which often indicates firm loyalty and thus favourable prerequisites for a change in the organisation of work towards "team work".

There is another reason why it is necessary to have a change of the organisation of work in a micro-enterprise, which is bound to lead to a marked reduction in the owners' working hours. Many micro-enterprises with relatively old owners are faced with the question of who will manage the business in future. The previous, extremely long working hours, virtually total commitment to the business by no means correspond to the values and ideas of the following generation: the preservation of the traditional organisation of work which centres totally around the owner thus becomes rather "appalling" and does not contribute to solving the problem of succession. New technological features, especially in the field of informatisation of cash registers, the accounting department and of product knowledge can also be used to win time and thus strategic potential.

Let us provide some examples from our case studies.

The first example describes the abandoning of the owner's traditional, dominant role and his change in functions by the active entry of further family members into the business as triggering and driving force of the modernisation process:

Gift shop, Gr.

"From 1975 till 1990 the main person of the business, the person that managed, planned, took decisions for pricing and dealt with total of all its issues was the owner who quite often asked for advice from his wife. The shop's clientele was at a 70% rate steady...

The working father of the family had to take the decisions, be the manager, deal exclusively with suppliers, price the items, run the company's errands, keep the financial and fiscal books and to operate it daily (welcome the client, sell the products, package them and collect the money).

Starting in 1990 things changed. Although formally the father of the family appeared to be the owner and businessman, the company's management was undertaken by him, his wife and their two daughters collectively. In the beginning, they all participated equally in decision making, in planning, in the selection of products and pricing and later they all agreed that the mother and the second daughter were the best at anticipating developments in the market and demand...

Today the three women have undertaken the key functions in the business, while the father, owner of the business, has been limited to the role of an advisor and to promoter of transactions that require time, experience but no inspiration, imagination, perspicacity or ability to communicate."

Changes in the organisation of work gives the owner time for more strategic tasks:

Supermarket, P.

"Regarding the organisation of work it is worth mentioning the organisational flexibility. Hence, there is going to be a decrease in the proportion of time that the owner spends on duties such as pricing, storage and checking in deliveries. On the other hand, more time will now be dedicated to management and co-ordination.

Regarding his wife, who previously spent a high proportion of her time on cashier duties, currently she spent more time on customer service as can be seen in the following graph when compared with the previous..."

Changed forms of the division of labour and the assumption of responsibilities seem possible under the prerequisite of **trust**, yet, in this case also the payment of above-average **wages** also plays an important role:

Minimarket 2, Gr.

"The two partners that are equally in charge of taking decisions, planning and managing the business are not found far away from the personnel, that although have specific duties, actually overlap and are complementary in performing duties...

(a) The trust that exists among these five persons.

(b) Professionalism that everyone insists on although personal relationships have developed among the five persons.

(c) Achieving co-ordination in the operation of the five persons and especially the two sales clerks.

(d) Providing wages to the three employees that are quite higher than those foreseen by the law (a fact that does not leave any margins for any form of trade-union activity in the business)..."

Another example of relatively high autonomy of all parties involved in the business:

Painting material, P.

"One of the most interesting aspects of R. is probably its decentralised functioning. As highlighted above, the company currently employs 5 people: the boss and son with administration and management tasks, two cashiers and a driver.

There is no intermediate hierarchy between the management and the employees and both manage the shop in a rather autonomous way. This autonomy can be seen in the way stock is managed, window fronts arranged and products arranged in displays. The employees have to deal directly with the problems that arise with clients (refunds) and are in charge of the purchase of products to be put on sale in the respective shops.

This autonomy is the natural consequence of the strategy of maintaining the shop's and employees' professional individuality, reinforced by friendship and a trust based relationship. The identification of the employees with the shop they work in is very strong and almost as if they themselves were the owners..."

The last text will demonstrate a comparatively far-reaching example within our case sample of acknowledgement and promotion of problem-solving capacity of personnel; a clear example towards an understanding of the co-operation of all as "team-work":

Hardware, Irl.

Mr. B. has indicated that all staff members do a range of tasks in the shop and there is no differentiation in terms of tasks undertaken by staff members. All staff members are equal and are capable of doing any task within the shop. Mr. B. believes that this approach makes the job more interesting to the staff member and also everybody knows what is going on.

Staff are encouraged to keep two diaries. The first diary records queries from customers who are seeking a particular product which is not in stock but ordered or

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who have a technical problem relating to a product line; the staff member will use the diary to keep himself informed if the product has been delivered or if the supplier was able to provide an answer to the customer's technical query.
The second diary is used to record items which have gone out of stock and the staff member uses it to record these items during the course of the day. The items which have been noted as being out of stock are then transferred to a folder which contains a listing of all suppliers and the items are then written down on a form with the name of the supplier of those items. This form forms the basis for the following week's orders to that supplier. The order is generally put through every Monday; Mr. B. and his staff spend approximately three hours on the telephone every Monday putting through orders; this regular contact with suppliers helps them to keep them informed of developments in the market.
Mr. B. philosophy is that staff should be encouraged to have as much responsibility as possible. For example, if a staff member learns of a new product which he feels the store should stock, Mr. B. expects him to order the product. Asked if a staff member would be expected to discuss the order with him, Mr. B. said that the answer would, in most cases, be no but a staff member might tell him for information purposes only. He did not believe that a manager or owner should keep the responsibility for ordering products himself because it would (a) overburden him and (b) if that responsibility was not given to staff members they would lose interest in their jobs.
Once a week staff carry out a general stock check; this normally takes place on a Saturday. Stock checks are made of approximately twenty-five departments. Staff members have access to a stock book which shows the recommended level of stock for each item; based on actual stock levels the staff member records the quantity to be ordered to bring the stock level back up to the recommended level..."

Abilities of recognising demands for qualification and translating it into training

Even though in the cases which we have investigated the modernisation process has primarily been pushed ahead by the owner's considerable scope of professional capacities and even though in most cases the qualification structure shows a clear polarisation in this sense, it proves, that successful modernisation is hardly possible without additional qualifications for further staff involved in the business. In this respect, the material of our case studies provides a number of graphic examples. On the basis of the cases studies, we can roughly differentiate between three types of training activities: (1) on-the-job training primarily for new staff, which is mostly conducted by the owner without any systematic concept, however, (2) the attendance of courses outside the business conducted by either suppliers or associations, such as Spar. This is often combined with "indoor" activities and (3) regular discussions of the work, which - as forms of "informal träining" - are presumably successful because of their very concrete reference to problems and their potential solutions. As has already been pointed out, there are often mixed forms. As a general rule, one can say that the training of staff is attributed the more importance the more qualified the

owners themselves possess, the more strategic the modernisation process has been conceived and the more important the new distribution of working tasks in this process has become. In the following examples, the three types of training will be given:

A Indoor training

Stationary, Gr.

"The employees are secondary school graduates with short term training at the so-called 'open studies centres'. Most workers in the retail sector in Greece are secondary school graduates who are basically trained in-house during their work. This feature also prevails in the company in question where the workers' specialisation is acquired while performing their job with the personal effort of the owner. According to management data it is estimated that for a new employee 6-8 months will be required for his/her total training within the production procedure. The management concludes that there is no training centre for retail sales employees where horizontal knowledge of the sector could be acquired.

The ideal profile of new employees, concerning their specialisation would be:

a to speak English, so they would be able to read product literature.

b to know how to use a computer.

c to know how to communicate for better personal contact with clients.

These together with the technical knowledge are the basic requirements for the employee's training. Continued vocational training is not organised in the enterprise in order to use enacted training funds. Every fortnight the owner dedicates time to train the employees himself....

The means which the employer uses in order to develop the professional qualifications of his employees are availability of the manuals and brochures of the products, regular meeting for discussion and decision making, indication of methods and procedures, etc. Unfortunately, organisation is missing. There isn't any provision, not even for programmes of vocational training, for a small number of the members or the reclamation of the special account for the despatch of personnel in special courses of continuous vocational training in Greece or abroad.

The scope of the new products the shop sells are provided after research and are imported from abroad. The employees have to study in groups to be informed on the features of the new products through manuals, special literature and by being trained by the owner each fortnight."

Filling Station, Irl.

"During the early years Mr. C. worked long hours, sometimes working full day shifts. The shop opened at 08:00 and closed at 22:00 during the week and opened at 9:00 and closed later on weekends, the weekend with later closing hours. The shop is open seven days a week.

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Initially, Mr. C. had five employees including himself and his brother. He retained one family member of the previous owner and hired two part-time staff. The two staff had little or no previous retailing experience.
Mr. C. estimates that 60-70 per cent of his current staff have no experience at all. It generally takes him approximately a week to train new employees. He trains new staff members in sections so that the new employee will be familiar with everything before they work behind the counter.
Training occurs on site and is generally supervised by Mr. C. He has participated a course run by FAS (the national training and employment authority) specifically for Shell at the time of the initial refit on food preparation and hygiene. Although the course was only two days in duration, Mr. C. found it adequate. Mr. C. also undertook a training course in the use of the new scanning equipment installed in the first refit. Training for employees takes place on site by Mr. C. He believes that the new scanning equipment is easier to use than ordinary cash registers..."

B Training by Associations and suppliers

Supermarket 2, Irl.
None of the staff had any prior formal training in retailing and for the majority of staff in the shop the main supplier has been Mr. F. himself. He has now trained a number of his staff to be able to train new staff in a variety of new jobs. Several of the staff have participated in training courses run by Spar and they have also participated in training sessions led by Mr. F. himself in the shop using Spar training videos. When he last organised an in-house training session and asked participating staff members to fill out an assessment of the course, one staff member indicated that she "needed no more training"!..."

Supermarket, P.
"The employment of a new member of staff entailed their professional training. In addition to the training carried out by the owners in the work-place, the new employee attended a professional training course entitled "How to Sell More and Better" run by the Business Association of which the owner has been a member for more than 30 years. With the automatisation of the cashier's duties (PLU) and the introduction of the point of payment (POP) all the staff had to be trained in order to learn how to operate this new equipment. Some training has already been given in this area by the appropriate company. A new training plan is currently being drawn up...
Concerning the rest of the needs, it is planned to send the employee on a course covering display techniques run by the Owner's Business Association and to train all the employees in how to make best use of the cash register. This course is to be run by the company which sold the equipment..."

C Regular discussion of work

Mini market 1, Gr.

"The personnel has mainly finished gymnasium (9 years of schools) or lyceum (12 years of school) without any further training connected to the work they do. The requirements to get a job are to have previous experience in a supermarket or a grocery store, even a small one, as well as being young, a fact that serves various needs (a pleasant appearance, ability to carry and place products, etc.). There is no systematic training apart that provided by suppliers of mechanic equipment (e.g. calculators, computers in the storeroom), instructions on products to be sold (e.g. wines, cheeses, etc.), mainly concerning their features. At the rate that an agency would promote training, the owners are willing to send the personnel for training of a few hours in the context of systematic sectoral vocational training. Concerning this issue the employees have a disadvantage vis-à-vis their other colleagues working in larger supermarkets and department stores where in-business vocational training is organised on various issues. The basic feature of jobs in the store is that the employees must be acquainted with what they do and the features of the products, on the other and they are obliged to carry out a lot of heavy labour...

Everyday working plans are made by the owners in co-operation with the personnel each morning while lately a weekly discussion of one hour has been organised where operational problems and gaps will be discussed...

The context of tasks have a central core of basic competencies, depending on the load of work and the orders given by the directors. The directors spend a lot of time every day to give orders to each employee concerning what he or she should do. In the general organisation of labour we should add the free lancers-partners that assist the shop such as accountants, maintenance persons, cleaners, order deliver persons, supplier employees that create the image of a strong movement..."

4.5 Changes of façade; interior and window display: modernisation is signalled - need of "connecting qualifications"

The case studies show that the modernisation process is often launched by the change in the shop's outfit, façade, shop windows and entrance and shelf systems, renovation of walls, ceilings and floors, changes of lighting. It might be justified to say that the modernisation process moves "from the outside to the inside", i.e. from the outer appearance to the inner organisation of procedure.

But the owners of micro enterprises are usually not architects and interior designers. In this respect, they require qualified help, which is partly commissioned, partly furnished as services by associations of which one is a member (so the example of SPAR Development Teams). Yet, this in no way means that the owner could just leave this design to "experts". This is inadmissible in so far as the micro enterprise lives on this very "individuality". In this context, connecting qualifications are required from the owner. What does this mean? By the observation of the outer

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appearance of his business environment - i.e. suburb, street, social milieu, outfit of his most important competitors - he must be able to assess and influence the degree to which the design of the façade and the shop window will appear as an outer symbol of the inner sales activities. To an ever stronger extent, the outer design becomes a "business card"; its change signals a new beginning. This design must be attractive and must not be too far removed from the customers' taste or the owners' taste.
The same holds true for the design of the interior. It must stand in close connection to the structure of the assortment of merchandise, the concept of representation of merchandise and the ratio of mixture between self-service and service/personal sale. Cramped conditions is a general problem in the design of the interior: in this respect, we often noticed a widening of sales area in our case studies in the wake of the modernisation process.

Stationary, Gr.
The shop has a post-modern decoration, clients and employees have a direct access and the departments have been styled in an avant-guard way with full computerisation and similarly the use of other automation systems in promoting orders, all these factors aim to the total functionality of the business. The philosophy of this structure is to profit in terms of time and money on the long run.

News agency, Irl.
Mr. F. first task was to renovate the premises which at the time of purchase had a sales area of 100 square feet. He painted the walls and ceilings. He then put in a completely fresh stock purchased from the nearby wholesaler. Since his initial focus was to conserve his capital the stock plan was to fill the shelves with large sized items which would take up shelf space.
Within the next few weeks Mr. F. installed new display (the existing wooden shelving was replaced by modern steel units) and shelving units; put in new floor covering; employed full-time and part-time female sales assistants (both of whom are still with him); and gradually expanded the product range. An alarm system was installed and steel shutters were fitted on the outside windows.

Mini market 2, Gr.
An important role in the success of the business has been the way merchandise is disposed both in outside windows, as well as in the refrigerator windows, for the decoration of which the business regularly seeks the advice of a professional decorator.

As a rule, modernisation in micro enterprises of the retail trade leads to new aesthetics of the representation of merchandise, with the aid of modern and fashionable sales devices: modern shelf systems, display of magazines, counters for perishable goods, deep freezers, etc., as far as the foodstuff retail trade is concerned. But about the same holds true for other sub-branches, as far as the enterprise-customer-relationship is

mainly focused on the shop itself (this formulation is so confined as there are obviously also types of retail enterprise in which the most essential customer contact increasingly takes outside the shop itself; example: the computer shop in Thessaloniki). The new "aesthetics of the presentation of merchandise" and also the different new sales devices represent new demands in the whole staff. The point is no longer the filling up in the modest sense but the presentation of merchandise in a certain way which is characteristic for this shop and the continual improvement of this presentation. This might be understood as being so significant that - as in one case by rotation - precautions are taken that the presentation of merchandise does not succumb to routine.

(In this case, the point was the examination of displays of the perishable fruit and vegetable counter, however; without doubt an especially delicate field of sales activities).

Of course, this new form of presentation in a shop also entails consequences for the "outfit" and the behaviour of all persons getting into contact with customers. In this context, no strong contradiction may arise in the form of appearance.

4.6 Customer orientation: a key of success

Its specific form of customer orientation obviously represents the decisive competitive edge of a successful micro enterprise. For some time, "customer orientation" has become a central catchword in the debate upon new management concepts. Understandably, micro enterprises focus less on internal strategies of "customer orientation". They rather intend to satisfy their customers' wishes, in the literal sense of the word. In this respect, the relationship between shop owner and customers in micro enterprises play quite a characteristic role. Thus, several case studies report that owners who have just taken over a shop first spend considerable efforts on getting to know a significant percentage of the clientele by name. Acquaintance, recognition and being able to address them are important prerequisites firstly in the creation and maintenance of a regular clientele and secondly in getting to know (with the help of communication - and not just by silent staying away) what the customers' wishes are and whether the customers consider them as satisfied in his shop.

Supermarket 1, Irl.

Mr. H. and his staff have made a determined effort to get to know all their customers on a first name basis. Mr. H. believes that it is very important to get to know your customers well. The reason behind this is that in a small village a relationship is built up between the shop owners and their customers. Due to this relationship the customers know that Mr. H. and his staff will help them whenever possible and Mr. H. knows that he can look to his customers for help should he need it.

Fruits and vegetables, P.

"We came to the conclusion that the grocery store prices are, on average, 25% higher than the ones in the hypermarket. The products comparatively more expensive are milk, milk products and eggs, where the difference is around 36%. Products comparatively less expensive are sausages/dried meat which are 5% more expensive.

The owners highlight the fact that the good image of a shop which sells high quality daily products (fresh products and vegetables) incurs high costs. An example of these costs includes the time taken by the owners to prepare the shop for opening. In actual fact, the purchase of high quality daily products requires one of the owners to be at the wholesale market every day at 4 a.m. The following table refers to the 3.30 am to 8 p.m. and the respective distribution of tasks over this timetable.

The quality of products and good client service are the driving force behind the success of this shop. However, as was referred to by one of the owners, the good results of these indicators are only possible in micro-companies. This is due, firstly, to the dedication and vocation of the staff, and, secondly, to the spirit of sacrifice often to the detriment of family's well being.

Optician, NI.

In the talks with the entrepreneur and his wife we tried to reveal what this service strategy means in practice. The following examples come forward:

- *making repairs free of charge*
- *making eye measurements free of charge*
- *home delivery of spectacles/lenses free of charge*
- *picking up less mobile people at home and bringing them to the shop .....*
- *allowing people to take several frames to their homes so that they can make their choice at ease and in consultation with one ore more family members*
- *being at the disposition of people, when necessary even at times the shop is officially closed.*

An important part of the customer service is the principle 'always keep an appointment'. This is a holy principle for the entrepreneur. Appointments are kept, even if this implicates that the entrepreneur has to make long days by starting earlier than normal and/or by going on after closing time. In practice this implicates that the entrepreneur sometimes starts at 7.00 o'clock in the morning and/or that he goes on working after 18.00 o'clock. Generally speaking Monday is the weekly day off for the entrepreneur, but when this is necessary in connection with appointments made with clients then he also works on Mondays.

The clients always come first. This rule holds good universally. When agents come in the shop and I am helping clients they have to wait, even if these agents come according to agreement. Of course, I make the appointments with agents on days few clients come in the shop, but that is no guarantee that they don't have to wait'.

In this context, the delicate question involves the structure of the assortment of merchandise. The case studies show that this structure shows continual "demands on adaptation": the modernisation process often begins with certain extensions to the offer, in a trial-and-error procedure certain goods are also abandoned from the assortment as they do not correspond to the purchasing needs of the specific clientele (example: the offer of "pasta" in a grocery shop in an Irish village). In any case, the structuring of the assortment of merchandise represents the micro enterprise's decisive specialisation strategy in competition with others. This demands considerable skills in the recognition of one's own market situation, in its shaping in profile and the exact observation of what is going on in the market on the whole. In this respect, with the presence of large supermarkets both in the city centre and above all in shopping centres, the foodstuff retail trade involves special risks and opportunities which stand in close connection to the assortment of merchandise (e.g. the situation of topping: one goes to the micro shop to purchase certain goods in addition to shopping in the supermarket).

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4.7 Market orientation and assortment

As our case studies revealed, the ability to carry out a market analysis is of extraordinary importance for the takeover and set-up of a business as well as for the start-up of a modernization process. However, a market analysis should not be regarded as completed after a certain time: it has to be continued in the form of a permanent market "research" in order to verify one's own position and to correct it, if necessary. The difference between the initial market analysis and the permanent market research primarily lies in the fact that the initial market analysis serves to achieve a first definition of the own market position in all its dimensions, whereas the permanent market research is a more comparative instrument, i.e. which is applied to bring one's own business in relation to a possibly changing environment.
The importance of a market analysis shall be illustrated with a 'negative' example:

Filling station, Irl.
However, the first refit had its negative aspects. The product range was expanded without adequate market research which would have found that people had a negative attitude towards buying fresh food in a filling station. Also the shop had to compete with local convenience stores and delicatessens which are more traditionally used for the purchase of fresh food. The problems with the refit arose due to the lack of input allowed by the owner in the planning process and consequently money was wasted.

In order to demonstrate the different aspects of the rather complex task of a market analysis, we will present some examples from the case study material we have compiled.

Change in the customers' behaviour

In the case of an office machine business, one has realized, for instance, that the behaviour of the customers has considerably changed as compared to the eighties; moreover, the profile of the customers is said to be different today, a situation which entails considerable consequences for the way to run the business:

Office machines, Gr.

In the 1980s, there was a greater demand for specific products to satisfy certain needs: at that time there were no other retail outlets, the customers did not do much market research and were not so well informed.

In the 1990s, competition is greater, with many more retail outlets, customers carry out systematic market research, there are greater special requirements in the field of replacement of older machines, customers negotiate prices and the profit is smaller. The demand by organisations and agencies, which follows specific procedures, has increased. After-sales now cover a larger range of services.

Cheese, Nl.

This year the entrepreneur was forced to introduce a new activity and product: providing customers with sandwiches, rolls and cold cuts."In fact, I am forced to do it, but I resist as long as I can. I am not really fond of the extra activities which I have to perform to become the service providing traiteur. Cheese is my trade. It also means special training, apart from the investment in equipment" The limited space in the shop does not allow the placement of cooking equipment.

He is constantly looking for change in assortment according to a differentiation strategy, especially in cheese."You cannot differentiate with normal Dutch cheese anymore. It is too regular. You have to specialize in different farm-cheeses and foreign cheeses." The share of regular Dutch cheese in the turn-over has gone down to a share of 19%. Farm cheese is the main product which attracts regular customers (farm cheese 13% share). Foreign types of cheese nowadays exceed the number of 80; the share of turnover is more than 20%.

Change in the competitive situation and in the "public" framework

A Portuguese wine-merchant explained the reasons for the start-up of a modernization process as follows:

Wines, P.

One of the changes that has most contributed to the modernisation and development of the company has been (and indeed is) the increase in competition, above all from super and hypermarkets, that in the latter half of the eighties have multiplied within the Lisbon region. Another motive which has raised perceptions regarding the need for change has been (and is) the anti-alcolhol campaigns which have resulted in the reduction in alcohol consumption. The increase in purchasing power, however, has benefitted the demand for high quality products and space. The general trend in favour of quality and the availability of information technology equipment at accessible prices have also been significant factors in stimulating the modernisation process pursued.

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A mini delicatessen shop has to face a similar problem with regard to the question "How to reply to the competition caused by the supermarkets":

Mini market, Gr.

One of its aims was to promote flexible working hours from 8:00 a.m. to 8:00 p.m. without a break to meet the complementary and emergency needs of the public of this highly dense area. Last but not least, the owners anticipated the increase of clientele ordering on the phone and delivering orders home. To attract this portion of the market, on the basis of the above aims, is a quite difficult procedure, according to the owners, as far as the invested capital and the objective of its amortisation are concerned. The main problems prevail from pricing policy and competitiveness, new forms of providing services and offers, the right choice of goods to be placed on the limited shelf place. The difference in the features of the contemporary operation of such shops, compared to the past are many and essentially; we are talking about the transformation of the old neighbourhood grocery store of general goods into the contemporary mini market-delicatessen with a large variety of many items in small series, a good level of quality and comparably higher prices. Some of the contemporary features of the shop are: aggressive marketing of the supplying companies, the promotion of stands on the grounds of special offers and the competitiveness of suppliers, the promotion of certain products that make up the shop's image (wines, breads, cheeses, expensive canned products).

Change in the population structure, in the mobility of the prospective buyer

The following examples shall illustrate this aspect:

Super market 2, Irl.

"Mr. F. also believes that there are great opportunities for growth in the area. The reason is that more people are considering living outside Dublin and Dunlavin is ideally placed for people intending to commute to offices or factories on the western side of Dublin. Seven new bungalows are in the process of construction in the village and there are development plans for 50-60 new houses in the area ...."

Gift shop. Gr.

The development of the area. The vast building of apartment buildings, the influx of new habitants in the suburb, the development of the service sector (banks etc.), and the opening of shopping centres, created a new dynamism in the local market. The traditional consuming public of the suburb, that used to be the average family, the average leader of the family, the average housewife, changed drastically.

The traditional clientele of the enterprise in question, namely the traditional housewife (middle aged, or older) as years went by either stoped going out to shop, limited their consuming activity or were influenced by the new trends of the new consuming puplic of the suburb (which include dynamic categories, nouveau - riche and flexible

men and women consumers) by following the mainstream to new, more modern shops with gifts that provided a more contemporary profile, design and products.

Verification of the location

When starting-up a business - and later on - it is necessary to verify whether the location of the business still corresponds with the intended or existing sales concept or if changes have to be made in the one or the other direction. A relocation may thus be an initial step within the modernization process, as we can gather from the example of a gift shop in Greece.

Gift shop, Gr.
To move the business to a new shop at the new shopping area of the suburb, near the shopping centre.

Market "research": to realize an 'antiquated' sales concept and to be able to react correspondingly

When surveying the market, it is, of course, important to be able to interpret the respective company data - which reveal, for instance, a decline in sales - correctly with regard to the changing market conditions. On examining our material, we have found examples which show that an analysis of the critical business situation has initiated its modernization.

Bookshop, P.
"In 1992 there's the first break in the amount of books sold. The same happened in all the other bookshops. The competition of big stores and direct selling increases. To meet these difficulties, the company opened two shops, which were branches of the main shop in university areas This attitude towards books works and the company increases its sales again."

Gift shop, Gr.
Before establishing the business, the owner had made a market research mainly by meeting and discussing with a series of wholesalers of items which he was going to sell in the shop. At the beginning of the operation of the business, he launched an advertisement campaign through the distribution of advertisment pamphlets that were distributed on the streets and neighbourhoods of the suburb.

Another thing is to be able to anticipate "aging processes":

Supermarket 1, Irl.
"On a more fundamental basis, Mr. H. has stated that consumer tastes are changing quickly, particularly those of the younger generation. He has observed that the children of the present generation may not wish to shop a small place as their parents did. Given that this is his perception, one of the biggest challenges will be to position his store so that he retains the loyalty of his present customers while at the same time attracting the younger generation."

The micro enterprise's strength, however, with its limited number of items as compared to the large sales areas, is not to always have in stock the goods which the customer wants but to be able to procure them quickly upon customer request, even if it is the most rare item. Of course, this is only a strong point if the customers are well aware of it and can rely on it. "Ordering" - a central logistic task in the overall retail trade - receives very specific forms in micro enterprises; due to the - in view of the sales area rather considerable - differentiation in the offer of merchandise, due to the lack of stocks, due to the special structure of customers' wishes ... . In micro enterprises under traditional management, "ordering" - and thus the relations to all suppliers - lie in the owner's hands. Case examples show that the delegation of an important part of "ordering" to other staff provides the owner with that buffer of time which he needs for "strategic considerations". "Ordering", however, also represents considerable qualificational demands on the personnel commissioned with it and extends their vocational field of action beyond the mere activities in the shop to the suppliers.

4.8 Optimisation of business economic aspects: transparency, facilitation and cost degression - connecting qualifications

Against the background of the case studies, we understand the successful modernisation process of a micro enterprise as a sequence of spurts of innovation conceived as a project (whose final result may be expansion and thus leaving the status of micro enterprise behind - the special problems and risks of this growth in size and the necessary qualifications in this respect would be worth separate consideration).

A number of the cases under investigation show that in the way the modernisation process takes "from the outside to the inside" one day the project of the optimisation of business economic aspects, in particular the transparency of costs, the facilitation of procedures and of cost degression - or at least their control - will be on the agenda. This is regularly combined with the introduction of computer-based accounting and electronic cash desks (partly with scanners). In view of the manifold observation of an overloading of micro enterprises with electronics without which it could be applied sensibly and adequately it is obviously the principle of successful modernisers to get to tailor-made solutions: i.e. solutions which tackle the very needs of the enterprises. In this respect, expert consultation is required but again also "follow-up" qualification of the owner to articulate his own needs, to understand the solutions and to be able to communicate with the consultants in a meaningful way.

Fruits and vegetables, P.

Actually, the most important changes introduced in the shop were the introduction of automatic electronic scales, a better division of labour among the employees and a supply strategy based on the selection of fresh and high quality products. These were introduced when the hypermarket opened. This leads us to the conclusion that, although not assumed by the owners, the "hreat" of competition was highly important in the modernisation necessary for the continuation and improvement of the shop's positive results.

Supermarket 1, Irl.

Within the past two years Mr. H. has invested in a hand - held terminal which makes ordering from the wholesaler a quicker and easier process. The hand held terminal is programmed with all the prices and range of goods available from the wholesaler. Once a week one of the employees goes around the store with the terminal and types in the number of boxes/tins of a particular good required for delivery. When all this information has been typed in, it is then transmitted via a modem to the wholesaler who then delivers the goods within the next couple of days.

This is a major improvement on the past system of ordering. In the past, the order was posted to the wholesaler, but as the post would take a few days to arrive at the wholesaler, a delivery could only take place once every two weeks. In more recent times a book form of odering was used. The names of all the goods available were written in a book and the goods that needed to be ordered were ticked off and given to the wholesaler who in turn delivered the goods. Now the hand held terminal has eliminated all the paperwork and reduced the amount of time spent on ordering. It has also meant that the Spar wholesaler can effect deliveries to the store within a shorter time frame.

Mr. H. believes that there are other advantages to the hand - held terminal aside from the less time required on the ordering process. Mr. H. has trained one member of his staff to take over the ordering process which allows him to spend time at other areas

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of the business. Another advantage of the new ordering system is that the delivery of goods once a weekenable the Business to carry less stock.
In the near future Mr. H. plans to install scanning machines at the checkout. These will eliminate the need to price goods individually and also reduce the chance of an error occurring. The introduction of checkout scanning has heavily been promoted by the Spar wholesaler who was also instrumental in promoting the use of hand held terminals.

4.9 Abilities of using institutions which can help to support the modernisation process

The difficulties and risks of the modernisation process of micro-enterprises have frequently been addressed. Our samples contain only successful cases of modernisation. From other surveys however we know, that there are many owners of micro-enterprises who are overburdened by the complex demands of a modernisation process and who, for this reason, do not initiate it or are not able to use it to its full potential, etc. In many cases, professional support from the outside would be very helpful: in this respect, the first prerequisite is that such support exist, that it is within reach and affordable, and that co-operation can be based on trust. One point is the support of the modernisation process itself and, on the other hand, the creation of a stable network of supplier, service and consultation facilities which help support the specific profile of the business. In this respect, one example of each will be given from our material:
Help in the modernisation process provided by trade associations:

Supermarket 1, Irl.
While Mr. H. sells meat products such as cooked ham and ready to cook chickens the store does not have a butchery department; Mr. H. believes that this need is well met by two very competent butchers in the village.
Mr. H. trades under the Spar brand-name franchise. The Spar Development Team attached to the local Spar wholesaler was a major help when he was modernising the store. They were able to give him advice and suggestions in the layout of the store, the display units that should be purchased and the product lines that should be sold. Mr. H. valued their advice and undertook most of their suggestions. Mr. H. believes that Spar are a professional group who know their trade very well and he always looks to them for their suggestions before he undertakes any change in the shop. A representative from the local Spar wholesaler calls to Mr. H. every week to discuss new promotions and new product introductions. The Spar representative is also a source of information to Mr. H. on new shopping trends and on business opportunities.
Most of Mr. H. purchases - approximately 90 per cent - are through the Spar group; because of its large membership the Spar group is able to obtain discounts from

suppliers that Mr. H. would not be able to if he was dealing directly with them. The buying power of Spar is an important strategic consideration for Mr. H. as it allows him to compete on price with the multiples in the two nearby towns. Mr. H. also receives and end-of-year rebate depending on the amount of purchases he makes through Spar during the year..."

Networking

Mini market, Gr.

"The company uses outside partners for a series of services such as the maintenance of the machinery equipment, accounting services, young people to deliver orders, a graphic-designer for the signing, etc. Such services are provided in Greece by SME's of independent professionals..."

Optician, Nl.

The clerical work (registration, administration, making appointments with clients, etc.) is done by his wife. The financial administration is contracted out to an accountant who delivers a financial overview every month. This financial overview is analysed and evaluated by the consultant who has been counselling the entrepreneur since the start of this firm. When there is a need, the consultant and the entrepreneur discuss the financial developments and how the entrepreneur should proceed.

Recently the entrepreneur had become a member of a buyers' co-operative. This buyers' co-operative is a relatively young, fast growing organisation with already 250 members. The membership implies that a number of managerial and entrepreneurial tasks are delegated to the buyers' co-operative: negotiating with suppliers on prices, invoicing, paying the bills, etc.

The displaying of the shop-window is contracted out to a professional window dresser. Every six weeks this person makes a new display.

The strategy of the entrepreneur is to focus himself more and more on his strengths, delegating more and more managerial and entrepreneurial tasks to persons who are better qualified for this.

The introduction of new cost-accounting system, electronic cash desks, etc., represents new considerable demands on those who are charged with the strategic processing of data, but also on those who are expected to handle these devices properly. Another factor is that in this stage of the modernisation process a new form of "cost awareness" introduces itself into the enterprise's culture; a cost awareness in objective form, as it were.

It has hopefully become evident that this stage of the modernisation process - at the latest - represents the beginning of the separation and objectivation of cost accounting of owners from the empirically acting traditional retailer who unites everything in one persons to the manager of a micro enterprise; here the term "management" is not meant in a purely ad hoc and person-related way but refers to systematic management

of the micro enterprise. Of course, internal structures (work organisation, streamlining potentials) do not remain untouched either.

4.10 Inventory of the necessary vocational abilities in the modernisation of micro-enterprises in retail trade

In the introductory chapter of this study, we have given a brief portrait of our methodological procedure. Our approach to the description of the necessary vocational abilities - or bundles of qualifications - to cope with modernisation processes in micro-enterprises in retail trade will proceed on the case studies of successful modernisation. Thus, we are not oriented towards a theoretical model of modernisation in retail trade but use the description of real cases as material. We have already pointed out the limitations of our empirical basis; on the other hand, the results of our stock-taking of successful cases of modernisation point beyond these cases to everyday working routine and everyday requirements of market adaptation of micro-enterprises in retail trade.

In this respect, we take what has been reported to us about decisions, risks, developments and results in the case studies as results of the utilisation and development of specific vocational abilities, although this has not been addressed specifically in most of the case studies. Thus, our approach interprets decisions, re-engineering and activities which have been reported to us and the existing vocational abilities in the successful case *as a successful modernisation of micro-enterprises in retail trade*.

The formulation of the vocational abilities required takes place in a way which does not divide them a priori among the various persons involved and their respective functions. This neutral formulation - so to speak - follows an important assumption on which this study proceeded and which was confirmed in the case studies: the respective form of the organisation and division of labour is an important intervening variable in the distribution of demands on vocational abilities within the whole group of those working in the firm; in the micro-enterprise this means, in particular, the pattern of the tasks which the owner assumes. When we talk about required vocational abilities, we mean that these - in whatever form - must be present within the group of persons working in the firm. In this way, this distribution remains dependent on the decisions taken on labour organisation. We also consider this point to be a central "message" of our study. Yet, as a tendency, in the wake of a changing role of the owner and the grown complexity of the conditions for market success, the case studies of successful modernisation show an increasing significance of well-developed vocational abilities for all those working in the business.

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Initiation and management of the modernisation process:

This stage represents specific vocational abilities required for the decision to initiate a modernisation process and for the successful management of the various stages of this process. The case studies provide a detailed description of the different situations in which decisions have to be taken, the problems, risks and chances involved in such modernisation processes. The previous chapters have focused on the analysis of modernisation processes in micro-enterprises. In this context, the expansion of staff beyond the circle of the owner's family has been illustrated as a particularly crucial point.

Changes in the organisation of labour:

Changes in the organisation of labour are both prerequisites and consequences of the initiation of a modernisation process; in micro-enterprises this has particular impact on the role of the owner. The previous chapters have illustrated the elements and stages of changes in the organisation of labour with the help of examples from the case studies. Previous studies on the future qualification requirements in retail trade do not deal with this question specifically; thus, the discussion of vocational abilities in view of a change in the organisation of labour represents an innovative contribution of our study.

Customer orientation and market positioning as a constant task:

True, this complex of abilities is also necessary for the success of modernisation processes but such abilities must also be employed in "consolidated situations" to guarantee the firm's continual market and customer adaptation. For this reason, they are dealt with as a separate group here.

"Connecting Qualifications"
While we consider the first three complexes of abilities as a substantial component of vocational competences in micro-enterprises in retail trade, the term "connecting qualifications" is used to describe a complex of abilities to co-operate with experts from other specific vocational fields, which are required in the wake of the modernisation process as well as in "consolidated everyday life". Let us give an example: The people working in a micro-enterprise in retail trade need not necessarily have the vocational abilities required to design a façade, a shop interior or a window display. But they must be able to understand the ideas and proposals of other experts, to assess them under various aspects, to compare them to their own ideas and notions and to communicate with the experts in a way that an adequate solution can be found.

The inventory:

Initiation and management of the modernisation process

- ability to imagine the objectives, results and chances of a modernisation process;
- ability to budget time to guarantee that time can be devoted to this strategic question at all;
- ability to subdivide the modernisation process into various partial projects and to take stock of their success or failure;
- ability to provide funds or to acquire and invest them adequately;
- ability to motivate all parties involved for the modernisation process and its implications; all people working in the business act as partners and agents in the modernisation process;
- ability to integrate additional personnel in the case of an expansion in consideration of their different initial situations and interests;
- ability to convey the message of modernisation positively to former and potential customers;
- ability to find partners outside the business who are able to support the modernisation process adequately through consultation and services (associations, co-operatives, trade chains, individual providers of services); networking;

Changes in the organisation of labour

- ability to redefine the role/tasks of the owner;
- ability to make a new re-assignment of tasks to the various parties involved;
- ability to organise work under aspects of time economy;
- ability "to live" the new role of the owner and the new division of work, and to accept responsibilities;
- ability to create a climate of mutual trust and acknowledgement of performance without ignoring the various existing interests;
- ability to pursue the development of labour organisation towards "team-work";
- ability to understand that the support of changes in the organisation of labour requires vocational qualification/training;
- ability to describe existing qualifications as well as qualifications required in the near and far future;
- ability to define qualification requirements and to translate them into a realistic concept of training;
- ability to find training facilities with adequate offers and to come to an agreement with them;
- ability to utilise everyday working routines and the communication requirements involved therein for continuing vocational training and to combine work and training;
- ability to pursue effective and comprehensive quality maintenance and improvement;
- ability to pursue increasingly cost-efficient work.

Customer orientation and market positioning as a constant task

- ability to develop personal relations to customers;
- ability to communicate with the customer about the assortment of merchandise and, if necessary, to modify the offer of merchandise to meet customer demands (as an element of market research);
- ability to offer customers adequate services at the right time, e.g. home delivery, to meet customers' wishes which cannot be satisfied by existing stock as quickly as possible, to accept telephone orders, to be ready to compromise as to terms of payment, etc.;
- ability to turn the visit to the shop into a pleasant experience for the customer;
- ability to make the customer experience one's own agility at the example of a new offer of merchandise (sampling, etc.),
- ability to establish an adequate and attractive relation between quality, service and price for the customers;
- ability to realise a high quality standard as to service and products - above all, in the sensitive field of perishable goods in foodstuff retail trade;
- ability to supply customers with expert information about the goods, their special features, their range of use and possible alternatives;
- ability to understand the necessity of a permanent market survey and analysis and to draw conclusions from it (methodological ability);
- ability to pursue an active assortment and re-assortment policy;
- ability to recognise and interpret changes in the competition landscape and the public/legal framework conditions;
- ability to observe, interpret and, if necessary, react to changing market strategies of the most important competitors;
- ability to recognise, to interpret and to react to changing demographic structures (especially, in view of possible changes in the structure of buyers;
- ability to pursue a self-critical verification of one's own market positioning, the location of the shop and the assortment in view of a possible loss of acceptance;
- ability to interpret index figures concerning potential risk constellations.

"Connecting qualifications"

Examples of fields in which "connecting qualifications" are required:

- design of façades, interior and decoration,
- publicity,
- cost accounting,
- introduction and maintenance of information technology,
- legal problems,
- continuing vocational training.

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Each of the vocational abilities enumerated in this context represents a whole complex of knowledge, skills, ways of thinking and acting and work strategies which cannot be acquired successfully without reference to a vocational process of experience. One could also speak of combinations of partial qualifications. These vocational abilities would now have to be dissected into their individual components in order to gain - in a further step - a description of contents and methods to design measures of vocational qualification in micro-enterprises in retail trade. These two steps could not be performed at the time of the study.

Chapter 5
Outlook

Our study on qualificaiion and the organisation of labour in micro-enterprises in the retail trade aimed at the identification of qualification requirements in connection with processes of change - since, after all, this was a project commissioned by CEDEFOP. We explained our procedure in the introduction and at various other stages of the study. Our approach and our tools are primarily taken from the field of labour sociology: the train of our argumentation also proves this. In this way, we reach somewhat detailed descriptions of the vocational abilities required for successful modernisation without losing touch of social reality in micro-enterprises. For this reason, chapter 5 will also provide an outlook on further developments and requirements on action, and we will come back to the pivotal point of social reality in micro-enterprises: the owner's central role and its necessary change in the course of the modernisation process.

This deep-going modernisation of the owner's role does not mean, however, that the owner turns his back on everyday life in his shop and retires from persolan contact with his customers. If he did this, he would perhaps question *the* - decisive basis of success of a micro enterprise. The owner's new modernised role would basically correspond to an organisation of labour which combines all those involved in the business in a sensible but not too sharp division of tasks in a team which accepts the enterprise's success - from stage to stage - as its project and of course, as a team, also benefits from this success. Yet, the case studies show that the modification of the owner's role (even though it might not be in the most productive way) can co-exist with a patriarchal handling of matters and thus an underestimation of vocational potentials of action of other people involved.

5.1 Forming A Team And Teamwork

The examples in our study show very clearly that the staff of a micro-enterprise can be developed as a team without abandoning the owner's function and thus the final competence of decision-making. Given such a target, the question of how work is divided can naturally be posed more radically than in the concept of delegation, for which we have provided some examples. Formation of teams in micro-enterprises means that all parties involved in the business as team members have different tasks in a joint project: i.e. the firm's economic success, and to be able to realise this target they must be informed about all framework conditions, prerequisites, developments, and difficulties and they must have a chance to make a contribution to the success of this "project". And that is not only as a "blind cog in the machine" but with a well-

informed awareness of the firm's strategic targets. Of course, this means a re-definition of the owner as "first among equals", far-reaching changes of the firm's culture of communication and decision-making and essentially increased demands on the professional competence of each individual and not only the owner himself. This is a far-reaching perspective and it is not made explicit in any of the cases we have investigated. However, as an implicit consequence of a lasting success of a modernisation process it can be found in a number of cases. The projection to make the micro-enterprise a joint project of all - and in this respect, the specific culture of small enterprises, on the one hand, provides better prerequisites than a large-scale enterprise, but diverse, very important impediments on the other hand, would mean, among others:

- informing all parties involved thoroughly about new "projects" of modernisation,
- promoting the credibility and the pationale of such projects within the entire staff,
- securing the participation of everyone in the development and concretisation of such "projects",
- acknowledging contributions to such projects from staff,
- observing the coherence between the management's decisions and their realization,
- creating interest among all those working in the business for the success of these "projects" and motivating them to contribute to the success,
- pursuing a joint evaluation of the modernisation process and its results in different stages,
- observing the necessary care in the translation of the measures agreed upon,
- discussing all consequences this process entails for staff thoroughly and negotiating and agreeing upon solutions with them, if necessary.

5.2 Mixed Professional Profiles

So we can see that the successful modernisation of a micro enterprise represents a complex process in which, under qualificational aspects, the point is not only to improve the service side but also - and at the same time . the commercial side of the business. This requirement has always been expressed in the mixed profile of owners of small enterprises: sales assistance and owner/manager in retail trade, skilled worker and owner/manager, e.g. in a locksmith shop, cook and owner/manager of a restaurant.

This means: in a small enterprise, we find the shape of this "mixed professional profile" in the figure of both the owner who has to accomplish both management and administrative tasks and his "right hand". The investigation of the very reality in small enterprises - and not only in the ones that were successful (as in our sample) - shows that all talk about an already existing "mixed professional profile" is euphemistic. As to their biographies, many owners of small enterprises come from the technical, handicraft segment - in retail trade, this means: from the fields of sales, customer relations, assortment and planning. Especially in times of stiff competition, many are

overtaxed by the management aspect of their complex task. Yet, competitive pressure means that performance on both sides must improve: both on the "technical", i.e. product and/or service-oriented side and on the management and business administrative side. We have attempted to express this at the end of chapter 4 in our inventory on required vocational abilities. We hold that this empirically based - strong extension of the required scope of vocational abilities represents the primary innovative contribution of this study.

Thus, the concept of "mixed professional profiles"[1] is based on the insight that both sides of the activities must be modernised and developed further, and that they do not exist independently of one another but are interwoven by manifold references and dependencies. Even best-possible customer orientation is useless if this service is too expensive from the economic point of view. Cost awareness, in turn, and cost accounting in the business may be developed perfectly, but if customers stay away because they feel that service is bad, all this is useless. This sounds trivial, but in business reality, it means a difficult and complex challenge. The aforesaid mutual dependencies - which tend to stiffen with increasing competition - basically do not permit the two sides of the activities to undergo any further specific and independent development. As the individual increasingly shifts into the focus of attention, basic connections between the "technical-commercial" side and the business administrative, and management side must be known and familiar to all parties involved. This means: the concept of "mixed professional profiles" does not only apply to owner/worker but to everyone in the firm. Yet, this must not be interpreted as each individual having to possess the same solid degree of this "mixed profile". Without doubt, this would be very unrealistic; specialisation in certain fields is necessary, and the owner is more likely than others to be forced to represent and further develop this "mixed profile". It would be wrong, however, to continue the development of "narrow" specialisation which does not possess any thorough prerequisites for a mutual understanding and an understanding of the central points of the "enterprise as a joint project ". This only means: the concrete shapes and focuses of "mixed professional profiles" will be determined in line with the decisions taken on the vertical and horizontal division of labour which was considered to be sensible. In this respect, we have again reached the central message of our study: the decision on the division of labour largely determines the demands set on vocational abilities for the individual involved.

Until now, the European debate on new job profiles has been characterised by a strict separation between the technical/vocational and the commercial or management business fields. This can surely be explained by the dominance of large-scale enterprises in the studies and in the debate on job profiles. Without doubt, this influences the ideas on work division and organisation which then take an effect in the definition of job profiles.

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[1]The idea of "mixed professional profiles" was taken from a study which CIREM in Barcelony (authors: Wilfried Kruse and Roser Salvat) conducted on the situation and development perspectives of small enterprises in 1993 for the organisation of small enterprises and for Aragón (CEPYME Aragón).

On the other hand, and in relation to the necessity to increase European competitiveness, it is evident that the central current and future topics revolve around the connection between the production of high-quality goods and services at reasonable costs.

For this reason, we insist on the necessity to overcome the traditional polarisation into "technical" and commercial domains in the field of job profiles.

It seems logical - for instance, with the aim of achieving increased cost awareness - to integrate skills from the management field into technical-vocational profiles as well as - vice versa - basic skills on the process of the production of goods and services into the commercial profile.

In this way the two fields of the enterprise can be approached more closely and more productively.

Seen separately, either of these fields - and therefore also their corresponding profiles - are subject to strong changes. In any case, the idea of mixed professional profiles represents an innovation, in particular for micro enterprises, and for other types of firms.

5.3 Open questions

In line with the design of the study and also against the background of its results, a number of questions remain open and their answer could assist a more precise definition of qualification requirements.

1. Our study concentrated on micro-enterprises, which are or have been in a far-reaching process of modernisation. The material of our case studies only provides little information as to wrong decisions which have plunged an enterprise into a crisis and subsequently required correction. It is for certain that an analysis of cases of failure among micro-enterprises would have contributed important material in view of vocational abilities required (ex negativo, as it were).
2. Within our project team, we often discussed that such far-reaching modernisation by no means represents the only chance of survival for micro-enterprises in the market. It was repeatedly stressed that survival is possible in certain market niches or by normal business performance given a familiar clientele. Still, these enterprises are no islands; they are also confronted with changing market conditions, and other factors. We know little on the question if and to what extent this type of micro-enterprises sets new requirements on vocational abilities.
3. National differences become most evident in view of the question whether or not regulated vocational training exists in retail trade. But in countries with regulated vocational training, the majority of persons working in micro-enterprises have not completed this training, e.g. in the case of the Netherlands. Still, the question must be asked what initial vocational training in retail trade would have to look like to meet the requirements determined in this study, and if the countries of the Europe-

an Union - or also beyond - provide examples of initial vocational training in retail trade which, correspond to the requirements developed here.

4. The same applies to the field of continuing vocational training. In the case studies, it has become very clear that for modernisation processes, continuing vocational training is indispensable: the micro-enterprises of our sample stand out for their special entrepreneurial flexibility. In many cases, a rather isolated situation of micro-enterprises can be expected. While support must be provided from the outside, its central prerequisite, is that trust among the owners and employees in retail trade. There is a number of initiatives in various EU countries to develop and implement such offers for small enterprises. It would be important to verify whether these offers reach the small enterprises and whether they correspond to the requirements which we have found to be central.
5. Finally, we have to come back to a central problem of our small study: the dominance of the owner. As has been portrayed in the introductory chapter, this dominance often meant a kind of insulation against any direct contact wih researchers and employees in micro-enterprises. Moreover, across the board, it became clear that when employees were interviewed, their statements were rather reticent. In spite of these problems, our case studies have furnished very concrete material on the organisation of labour in micro-enterprises (daily routines, job descriptions) which could not be evaluated in the framework of this study and which would surely provide further clues on the reality in micro-enterprises. Irrespective of this, the special characteristics of micro-enterprises are not very useful in offering an approach to the "reality of work" through interviews. Here, we are faced with another problem: while in public the reality of work in micro-enterprises is often depicted as specially straining and exploiting (in contrast to large enterprises), the statements of the persons working in those enterprises give a completely different impression: they feel that the burden of work and of modest remuneration is alleviated by patriarchal care and the closer connection to the fate of the enterprise. To be able to draw conclusions in this respect, a different methodological procedure, e.g. that of participating observation or of guided dairies, seems promising.

5.4 What use can the present study have?

In our view, the present study can provide information and sensibilisation as to the complex and demanding character of modernisation processes in micro-enterprises. This means, in particular, the search for ways to support small enterprises through assessment and tailor-made concepts for qualification. On the basis of our experience, we would say that - in order to be adopted - qualification must take place on-the-job and be compatible with business routines. Concepts of on-the-job continuing vocational training in micro-enterprises could be a sensible addittional product in the continuation of this study. For initial vocational training as well as on-the-job and

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firm-specific continuing vocational training, the INVENTORY of the vocational abilities required can serve as a basis. Yet, these complex vocational abilities must be broken down into their individual dimensions and be combined with contents and proposals for their didactic preparation to obtain practical relevance. In this context, the experience we have gathered primarily in the elaboration of the case studies can be seen as important background for the fact that much care must be applied to pedagogical concepts which correspond to the social reality of micro-enterprises and the persons working there. In particular, parallel to this, all these continuing vocational training concepts must serve the further development of a modern organisation of labour in a micro-enterprise or provide respective support.

Annex 1

List of the case studies

1. Supermarket, (P)ortugal

This "Auto-Servico" is a small grocery store located in a rural village in the Portuguese countryside. Similar to most old-fashioned Portuguese grocery stores it began as a small cafe-bar and grocery. Until a few years ago, the shop's area was undersized and badly laid out, reflecting the situation that existed in the 1940's.

Staff: owner, wife, 1 full-time employee (daughter)

2. Bookshop, (P)ortugal

The most important activities of this bookshop are trade of books, magazines, stationery, audio-visual equipment and art supplies. The start of the activities as a bookshop was in 1957, in 1986 the shop became the juridical status of a limited liability company.

Staff: 4 family, 46 employees

3. Wines, (P)ortugal

This wines shop is a family enterprise, currently specialised in the retail trade of wine (in bottles), sparkling wine, champagne, aguardente (traditional Portuguese spirits), cognac, whisky, gin, rum and vodka. The company tends to specialise in Portuguese wines and aguardentes. The company was set up in 1983 and currently has six shops located in different zones of the capital city, Lisbon.

Staff: owner, wife, 7 employees

4. Painting material, (P)ortugal

This shop is a small family firm, that sells products for painting and refurnishing in civil construction and fine arts. It sells, more precisely, paint, varnish, glue, plaster, paint brushes, brushes, etc.

The company was formed in 1979 and currently has two shops not far apart from each other, in a neighbourhood of Lisbon.

Staff: owner, son, 3 employees

5. Fruits and vegetables, (P)ortugal

This shop is a small grocery store located in a Lisbon neighbourhood which has a growing number of inhabitants mostly belonging to the middle and upper middle class. The activities of the shop are retail sale of food products.

The store are opened in 1986.

Staff: 2 owners, 2 wives, 4 employees

6. Office Machines, Greece

The business is active in the field of retail sale of office equipment and is considered to be undergoing a process of modernisation and development. In particular, the items sold are: photocopiers, fax machines, computers, printers, telephone exchanges, calculators, typewriters and cash registers. There are four or five companies manufacturing and supplying these items. The activity is classified as retail sale and after-sales services.

Staff: 3 owners, 9 employees

7. Stationery, Greece

The enterprise deals with office supplies and consumables, art supplies, gifts and stationery. The type of its activity is that of a retail trade, but also the support of large size clients after sales. The supplying manufacturing companies are many, both from Greece and abroad.

This business was established in 1990, being one of other similar ones owners have had since theirinvolvement in the stationery sector in 1909.

Staff: owner, 10 employees

8. Gift shop, Greece

The specific business under examination has been in existence for 20 years. It started in 1975 at a central area of an Athens suburb.

Staff: owner, wife, 2 daughters

9. Mini Market 1, Greece

The business is active in the small grocery and delicatessen shops that have developed in large urban centres as complementary units to the large super markets and other shops with household goods. The business was established in 1990 after the buying of a grocery goods company that was declining and was located in the centre of the city, in a quite densely inhabited area.

Staff: 2 owners, 9 employees

10. Mini market 2, Greece

The business is active in the sector of retail sales and more specifically in selling foodstuffs; it is found today in the process of development after a modernisation stage. Goods sold are: sausages, cheeses, salted fish and fish products, ready salads (delicatessen), standardised products (cheeses, sausage, fishes, olives etc.), canned goods and a limited variety of beers and wines.

Staff: 2 owners, 3 employees

11. Newsagency, Ireland

This firm is a small newsagents shop in a suburban area of Dublin. The shop is located on a busy road and is located beside a number of bus stops, a vocational training college and a well-known public house.

Staff: owner, 6 employees

12. Supermarket 1, Ireland

This Spar grocery store is located in a small rural village in the west of Ireland. The area is largely agricultural though there are a small number of manufacturing companies near the village. The west of Ireland is characterised by high level of unemployment and emigration.

Staff: owner, son, 7 employees

13. Supermarket 2, Ireland

This Spar store is located in a small rural village in County Wicklow. The village is approximately an hour's drive from the centre of Dublin. The shop is on the main street of the village and is around the corner from another similar convenience store. The store sells a mixture of grocery items, confectionery, general household items, newspapers and magazines. There are also petrol pumps outside the store.

Staff: owner, wife, 7 employees

14. Filling station, Ireland

This filling station is a self-service petrol station with a convenience store located on a site owned by a big oil company. The convenience store which trades under the select brand name is situated at a relatively busy junction at the outskirts of a suburb of Dublin.

Staff: owner, brother, 4 employees

15. Hardware store, Ireland

This shop is a relatively small hardware with do-it-yourself (d.i.y.) store on a busy street in Dublin's city centre. There is also a variety of other shops on the street including wholesalers, electric stores, clothes stores and many public houses and restaurants. There are many bus routes passing thrugh the street and there are also facilities for car parking in the surrounding area.

Staff: owner, 5 employees

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16. Bicycle, the Netherlands

Since méä 1993 the specialised bicycle shop is located in a new building in a small shopping centre in one of four villages which are form the service area of this firm. In this four villages live approximate 12.000 people. In the shopping centre different specialised shops such as a bakery, a greengrocer, a clothing store, a druggist's shop and a super market. The bicycle shop has a floor space of 120 m^2. The repair shop is set up in a corner of the shop. Besides this, the firm has a storage room of approximately 65m^2.

Staff: owner, wife, (daughter)

17. Supermarket, the Netherlands

This supermarket is a small grocery retailshop in a small village. Its history goes back to the thirties when the shop started selling groceries to the local community. It gradually developed to a store of 1,200 m^2 floor space and employed 32 persons employed. In 1989 the son took over the management of the firm from the father. In 1990 the son commissioned a consulting firm to assess the situation and position of the firm and to formulate a new strategy. This resulted in the declaration of the company as the supermarket of the year.

Staff: owner, father, wife, 26 employees, 20 on call

18. Cheese, the Netherlands

This small retail-shop sells cheese and other related products to a variety of customers in the shopping centre of a medium-sized town. Its history goes back to 1980 and it developed gradually to a speciality retailshop in the upper quality segment. It provides the customer with a variety of different cheese of Dutch, French, Italian and Greek origin. Next to this, the shop sells Italian wines and pastas and a variety of nuts, olives, etc.

Staff: owner, 6 employees

19. Optician, the Netherlands

The enterprise is located in a community of about 19.000 inhabitants. There is a town with about 145.000 inhabitants at a distance of 10 kilometres. This shop is located in the main shopping street of the community. The entrepreneur moved his firm to these premises nearly ten years ago. He started his business ten years ago in 1985 in another, smaller shop in the same shopping street.

Staff: owner, wife, free lance

20. Garment shop, the Netherlands

This shop is located in the shopping centre of a medium sized city. Some five years ago this shop mouved to this site from a location outside the city centre. The shop is selling a assortment of clothing for men and women in the upper segment of the market.

Staff: owner, wife, 2 sales personel.

Annex 2

National socio-economic factors affecting the development of micro-enterprises

Each of the four reports representing the basis of this synthesis report also comprises a chapter oriented by statistics, secondary material and expert knowledge on the situation of small enterprises of the retail trade in the respective countries.
For this chapter which - with respect to its relevance - has clearly been put into the background in comparison with the case studies no index has centrally been provided so that the reports dealing partially with different focal points. For this reason and due to the frame of this explorative study limited through factors of time and contents, a useful complex comparison can not be produced.
The respective parts of the report, however, as well as the discussions within the circle of experts point out some aspects of the situation of micro-enterprises in general which are discoverable in different forms in all countries included in the study. In the following, these aspects shall be referred to as an example.

Threat to micro-enterprises through "big selling areas" (hypermarkets)

All country reports point out the traditionally great importance of micro-enterprises in the retail trade. However, these enterprises are exposed to an increasing - in some countries, e.g. Greece, only for some time now emerging - pressure resulting from the establishment of hypermarkets on the "green meadow".

The example of Ireland: The importance of micro-enterprises
The retail sector in Ireland is characterized by a large number of family owned and staffed retail outlets and a small number of very large companies with multiple outlets. This is especially so in the Food, Drink and Tobacco sector but is also found in other sectors of the retail industry.
A total of 111,555 persons were engaged in the retail sector in Ireland in 1988. Of these, 34,447 or 31 per cent were proprietors or family members and, of the total of 77,078 persons employed in the retail trade, some 54,152 or 49 per cent of the total number engaged in the industry were full-time. Part-time workers formed 20 per cent of the total numbers engaged (including proprietors and family members) in the industry and 30 per cent of the total number employed.

The example of Greece: The actual threat

The basic conclusion is that the size of retail shops remains the same along the years. In the year 1984 shops employing one person covered 38.7%; 2 persons 34.75% and more than 2 persons 26.52% of the total of employment.

A most important sub-sector of retail trade is the food sector that has undergone a most remarkable deveopment in the last few years. The basic feature of the last few years is high concentration. More specificlly, 10% of the total of food stores covers 71% of the total turnover; during the 1970 - 1990 20 year period many supermarkets were established (996) which together with the big grocery stores (self service) made 79% of the turnover for consumer goods. This development entailed the dramatic decrease of traditional grocery stores (decrease by 30%) In the meanwhile, small grocers had to cope with the hard competitiveness of the big stores, so they proceeded to enterprise mergers by establishing buying associations and developing supermarkets themselves which in their vast majority were unseccessful due to the lack of experience, knowhow and capital.

The example of The Netherlands: Cooperation as a response

In the 70s the hypermarket appeared: large stores with a very broad assortment of food and non-food stuffs. The number of shops in the food sector has been drastically reduced - from 83,000 in 1950 to 27,000 in 1994. This development has generally taken place at the expense of small, independent grocers. While the turnover of those who remained did indeed rise, in this period they nonetheless saw a significant share of the market go to the big chains, despite the fact that many independent grocers starte working together in commercial organizations in order to be able to achieve as far as possible the same economies of scale as the large firms (see table 1).

Table 1 - Market shares in the retail trade

	1980	1985	1990	1994
- big enterprises	27	34	36	39
- SMEs				
* independent	44	31	24	17
* co-operative	29	35	40	44
total	100	100	100	100

Source: HBD, 1995.

Opening hours: an important issue for competition

The example of Greece

Another essential parameter that determines the way small and large retail trade enterprises operate as well as the labour relations within these enterprises are their opening hours. The dispute between large chain supermarkets on one hand, that aimed to deregulate the opening hours of their stores and of small retail trade enterprises on the other, that opposed such a deregulation since it would increase their operational cost and would make them weak to face strong competitiveness, is a characteristic feature. Current valid regulations concerning the opening hours, far from being decontrolled anticipate differentiation for tourist regions upon decisions of the competent prefecture thus allowing considerable margins of flexibility and variations as well as the expansion of working hours for shops. Furthermore, regulations allow different opening hours to supermarkets from other shops. This means that supermarkets in all areas have longer operating hours. These regulations concerning opening hours of retail trade enterprises mean different needs in manpower for the operation of both the small and the large retail trade enterprises. The conventionally - determined 40-hour week employees in the retail business is not sufficient to cover the hours these enterprises for actually operate in a week. For this reason various forms of flexible forms of employment are chosen, such as: part-time, seasonal and occasional employment, as well as various forms of shift systems. A characteristic of the needs the enterprises had for such forms of employment was the great interest shown by supermarket owners to introduce in Law 1982/1990 various forms of flexible arrangement of working hours. On the other hand, some relatively small enterprises that are based on self-employment, meet the need allocating the owner and the assisting non-paid members of the family in different shifts.

The example of Portugal

A diploma (Law no. 86/95), published on 28 April, defines rather more strict limits than those considered in the previous law (Law no. 417/83) for the establishment, by the municipalities, of the operation schedule of the great commercial surfaces. As before, the new law continues to empower the Municipalities with the competence to define the opening hours. Nevertheless, they must respect the maximum limit of 6 hours on Sundays and holidays, as this is the opening time established by the diploma for the great surfaces. These constraints will be effective until 31 December 1998 and allow exceptions for the months of November and December. In these, the opening hours may be extended, so that the normally increased demand at Christmas time may be satisfied. According to the law, the shops may define their own opening time, from the moment the municipality doesn't regulate it in another way.

This measure is considered discriminating by the entrepreneurial association representative of the great surfaces (Associacao Portuguesa de Empresas de Distribuicao - APED / Portuguese Association of Distribution Firms), as it only applies to the great surfaces and insufficient by the associations representing the traditional commerce.

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Role of the change of the SMEs

The Portuguese example demonstrates that a high degree of membership of small enterprises in employers' associations - and linked with this the possibility of direct action - may become an important instrument in order to defend the sector of small enterprises.

Protests that time had been calling to attention the poor working conditions in commerce (use of workers in precarious contractual conditions either through time limited contracts either through the regiment of paying for services rendered, low wages, long hours, week-end work, etc.) for some time united "timely" those from the traditional commerce that increasingly demand not only the Sunday closing of the great surfaces, but also financial and fiscal support, indispensible from their point of view, to start the modernizing process.

The main leader of these demands from the small and medium size traders has been the sector's enterpreneurial confederation (Confederacão do Comércio e Servicos de Portugal - CCP / Portuguese Confederation of Commerce and Services), whose members are mainly associations representing the small - and medium - size commerce. Last year, it even made its availability to negotiate the Government proposal on the Economic and Social Agreement for 1995 with the other employer and union confederations belonging to the Economic and Social Council, dependent from the satisfaction of these demands.

Once that agreement became impossible to reach, for reasons exceeding the demands of CCP, this employer's confederation has been negotiating, since January, with one of the union confederations (Uniao General de Trabalhadores - UGT / Workers General Union) an agreement in which they commit themselves to make efforts towards the defense of group negotiation, having as goals the "real increase" of wages, the generalization of reducing, in 1995, the work schedule to 40 hours weekly and the broadening of the standard commercial operation from Monday to Saturday, closing on Sunday.

1.Wages, working conditions and stability of employment

An important prerequisite for a successful modernisation process is the stability of employment for the staff. However, this is often opposed by low wages and unfavourable working conditions, especially in the sector of small enterprises.

The example of Portugal

In relation to the employment structure by age groups, the values from the following table show that there is a greater youth in the retail trade workers, than in the national average. More specifically, it can be seen that 27.3% of retail trade wageworkers is less than 25 years old and 59.7% is less than 35 years old. Youth is, mainly in those areas dealing with consumers, an important attribute for labour recruitment, especially at the start of the professional career.

In relation to the base average monthly wages in the retail sector, in 1993 there were, 65 thousand and 55 escudos at the micro-firms (less than 10 workers) and 91 thousand 685 escudos at the larger size firms (over 500 workers). The corresponding national averages was 65 thousand 967 escudos and 116 thousand 894 escudos.

Vocational training for owners and employees

In order to be able to survive the sharpening competition, the improvement of vocational training for all employees in micro entreprises is considered as a central requirement by all experts. In general, the current situation is adverse.

The example of Ireland: no requirements

Unlike some other EC Member States, Ireland does not have a legal or industryregulated system requiring owners or employees in the retail sector to have minimum vocational educational training. There are no rules or conditions governing entry into the retail trade. The Retail Grocery, Dairy and Allied Trades Association (RGDATA) estimates that 500 people go into the retail sector in Ireland every year with no business skills. RGDATA estimates that there is a ten per cent turnover in shops each year with negative effects for consumers and suppliers.

There are no restrictions on the location of new retail outlets in Ireland though planning policies may place restrictions on the establishment of out-of-town shopping developments.

Employees do not have to undergo any vocational traing prior to starting a career in the retail industry. It is understood from discussions with retailers' and employers' representatives that even if there were a recognised training certificate an employer would prefer to take on recruits without any previous training and train them in his or her individual mode of retailing.

The example of Portugal: deficits also with regard to general education

The values of the Table 2 show quite clearly the enormous deficit of schooling (and training) of most of the representative professions in the retail trade micro-firms. As

can be seen, almost 50% of the employers, 64% of the salesclerks and 32% of the sales technicians do not have the actually mandatory schooling (9 years). The low schooling of employers shows up as being perhaps the biggest obstacle to the sector's modernization, as they tend not to have very positive reactions either in relation to the employees' professional training as in relation to introducing high-technology equipment.

Table 2 - Education and training in retail trade in Portugal

SCHOOLING LEVELS	EMPLOYER	SALES-CLERK	CLERK	SALES TECHN.	OTHERS	TOTAL
< 4 years schooling	10.1	8.1	4.4	2.2	11.8	8.7
4 years schooling	27.1	32.1	3.0	10.0	36.1	27.2
6 years schooling	12.1	23.8	6.7	20.0	29.6	19.7
9 years schooling	17.6	22.6	26.7	33.3	12.1	20.1
11 years schooling	12.8	10.0	34.8	20.0	3.9	12.6
Medium level degree	12.8	2.8	20.0	11.1	2.9	7.9
University degree	6.0	0.4	2.2	1.1	1.1	2.6
Other	1.5	0.2	2.2	2.2	2.5	1.4

Source: Inquiry: Qualifications, professions and needs of training in firms with less than 10 workers, CESO & ID, FORCE

Governmental subsidy schemes for small enterprises

The example of Portugal: a new subsidy scheme

The first diploma dating from the 1st of July (Law no. 184/94) arises from the acknowledgment by the government of the great adaptation effort, namely financial, that the new competition conditions are demanding from the small traditional firms. Thus a support Program for the modernization of Commerce (PROCOM) is included in the Support Program for Investment of Commerce and Service Firms. This has public financialsuppoert and is, co-financed by the regional development Fund.

Area 1 - Integrated dinamizing of firms (rationalization, innovation and expansion). The addressees of these supports are firms non-associated with groups of firms with an annual invoice of less than 10,000 million escudos.

Area 2 - Entrepreneurial cooperation (intra or inter-sectorial) with the goal of assisting the development of economies of scale. The addressees are firms non-associated with entrepreneurial groups having an annual invoice volume of less than 10,000 million escudos, SMEs participating the social capital of SME's groups, independently from their invoicing and legal statute, and groups of SMEs.

Area 3 - Associativism. These supports are intended to endow the sextor's associative structures (entrepreneurial associations / unions and Commerce and Industry Chambers) with a greater intervention and efficiency in relation to the technical and information support given to the sector's firms and human resources.

Area 4 - Special projects. The special projects are those that by their size and general relevance, may become an important factor in modernizing the commerce. Included in the special projects are the support to the trading micro-firms and the promotion of traditional arts and crafts.

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Work organisation and qualifications in the retail sector
The case of the micro-enterprise
Synthesis report

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